

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Continue  
Implementation and Administration, and Consider  
Further Development, of California Renewables  
Portfolio Standard Program.

Rulemaking 15-02-020  
(Filed February 26, 2015)

**PUBLIC VERSION**

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF  
BEAR VALLEY ELECTRIC SERVICE (U 913-E), A DIVISION OF  
GOLDEN STATE WATER COMPANY**

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Pursuant to the May 17, 2016 Assigned Commissioner and Assigned Administrative Law Judge's Ruling Identifying Issues and Schedule of Review for 2016 Renewables Portfolio Standard Procurement Plans ("Assigned Commissioner's Ruling"), the June 8, 2016 E-mail Ruling Granting, in Part, IOUs Request for an Extension of Time to Produce the 2016 RPS Procurement Plans, and the May 21, 2014 Administrative Law Judge's Ruling on Renewable Net Short ("RNS Ruling"), Bear Valley Electric Service (U 913-E) ("BVES"), a division of Golden State Water Company ("GSWC"), submits the following Renewables Portfolio Standard ("RPS") Procurement Plan. In accordance with the Assigned Commissioner's Ruling, BVES provides the following responses to sections 6.1 through 6.8 and 6.12 through 6.14.

**I. RPS Procurement Plan – BVES Responses to Assigned Commissioner's Ruling**

**A. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A)  
(Section 6.1 of the Assigned Commissioner's Ruling).**

Section 6.1 of the Assigned Commissioner's Ruling requests retail sellers to:

Provide a written description assessing annual and multi-year portfolio supplies and demand in relation to the RPS requirement, the RPS program, and the RPS program's overall goals to determine the retail seller's optimal mix of eligible renewable resources.

The assessment should consider, at a minimum, a 20-year time frame with a detailed 10-year planning horizon that takes into

account both portfolio supplies and demand. This written description must include the retail seller's need for RPS resources with specific deliverability characteristics, such as, peaking, dispatchable, baseload, firm, and as-available capacity as well as any additional factors, such as ability and / or willingness to be curtailed, operational flexibility, etc. It must also explain how the quantitative analysis provided in response to section 6.5 supports the assessment.

This written description must also explain how the proposed renewable energy portfolio will align with expected load curves and durations, as well as how it optimizes cost, value, and risk for the ratepayer. Where applicable, the assessment should also identify and incorporate impacts of overall energy portfolio requirements (not just RPS portfolio requirements), recent legislation, other Commission proceedings, other agencies requirements, and other policies or issues that would impact RPS demand and procurement.

The written description should also explicitly and specifically address, both qualitatively and quantitatively, to the extent possible, how the buyer intends to increase the diversity in its portfolio overall, to address issues of grid integration, potential for overgeneration, and ratepayer value.

Additionally, the assessment should describe and incorporate RPS lessons learned over the past year, including RPS trends and potential future trends. Lastly, it should describe how procurement (or sales) planned for the period covered by the 2016 RPS plans is consistent with the assessment of supplies and demand.

**1. Assessment of annual and multi-year portfolio supplies and demand in relation to RPS requirements, the RPS program, and the RPS program's overall goals.**

On February 12, 2013 GSWC, on behalf of its BVES division, filed Advice Letter 277-E with respect to its RPS agreement for the purchase of renewable energy credits ("RECs"). On July 29, 2013 the California Public Utilities Commission ("Commission" or "CPUC") issued Resolution E-4604 approving BVES' Advice Letter 277-E and BVES' ten-year REC-only contract with Iberdrola Renewables, LLC ("Iberdrola", now called Avangrid Renewables, or "Avangrid"). Commencing in 2013, the contract with Avangrid was intended to fully satisfy

BVES' RPS requirements through year 2023 (including past deficits and procurement obligations) in the 33% by 2020 RPS program.

BVES has, and will continue to, endeavor to take full advantage of RECs to meet its RPS obligations. However, as the price and availability of RPS-eligible energy, namely solar photovoltaic energy, continue to fall and as BVES' forecasted retail load evolves, BVES is also seeking to procure cost-effective bundled RECs to ensure ongoing, long term RPS compliance. Preliminary internal analysis shows that BVES' retail sales may increase beyond what it forecasted at the time it entered its ten-year purchase agreement with Avangrid for unbundled RECs. The internal analysis on retail sales, coupled with the 50% by 2030 RPS requirement now in place, will result in BVES seeking to purchase bundled solar energy through the purchase of a solar generation facility. It will also likely seek to purchase additional unbundled RECs.

In August 2015, BVES issued its "Request for Proposal—Renewable Energy Generating Project" ("RFP") to over 170 potential bidders and companies. The RFP sought bids for approximately 3 MW CEC-AC (2 to 4 range) of renewable generation that meets requirements for the California RPS. The RFP noted that BVES would consider an array of financing options, from a long term PPA to options for BVES to own the facility.

BVES received only one response to its RFP, from PVNavigator, LLC ("PVN"). PVN proposed a 3 MW DC / 2.7 MW AC solar generation facility in its bid. PVN describes itself as a firm that specializes in the development of small-scale PV solar projects on closed landfills that can deliver a unique combination of solar power, landfill management, permitting and project financing skills to move the proposed solar developments at the various closed landfill sites from concept to reality within eighteen months.

BVES evaluated PVN's bid in the same manner it evaluates other RFPs for energy or energy assets, using a number of qualitative and quantitative criteria. The categories of evaluation criteria included "Market Evaluation," such as price, pricing structure, location, term and more; "Risk factors" like security risk and environmental, health and safety issues, among others; "Project viability" such as site control and developer experience; "Portfolio fit" like load profile compatibility (to BVES' load profile), proposed commercial online date and construction timeline. Finally, BVES utilized its internal least-cost and best-fit ("LCBF") criteria, or more specifically the impact of the qualitative and quantitative factors on the overall LCBF ranking.

PVN's detailed bid mitigated any concerns about the technical feasibility of placing a fixed-tilt solar array on a capped landfill. In fact, PVN has an option with the County of San Bernardino to lease the land from the county specifically for solar development. PVN's bid included four pricing structures for BVES' consideration: a lump sum buyout upon project completion (including 40% upon beginning of construction); a 25 year PPA; and two hybrid approaches—three and five year PPAs with a buy-out option. Upon further review, BVES desired to analyze several different pricing structures, including a lump sum buyout with no "down payment," a one year PPA with no pre-payment penalty wherein BVES would take over the note used to finance the construction and a one-year PPA with a prepayment penalty.

After evaluations were completed by a five member evaluation team, BVES deemed the bid as highly viable and named PVN the successful bidder and deemed the lump sum purchase with all funds to be paid upon project completion the best overall value for BVES' customers and the local community. By owning the asset outright, BVES will have a tangible, local project in which the community can take pride. BVES is currently working with outside counsel and PVN to negotiate a memorandum of understanding that would be included in its application for

approval with the CPUC. If approved by the CPUC, BVES anticipates the solar generation facility would be online and fully operational by 2020.

Assuming negotiations are successful and BVES is granted CPUC approval for its solar generating facility described above, BVES forecasts that it will meet nearly all of its RPS requirements through 2020 but may need additional RPS energy or unbundled RECs to satisfy RPS requirements in 2021-2023 and beyond 2024 due to the expiration of its contract with Avangrid in 2023. As a result, BVES will likely issue an RFP in the 2018-2019 timeframe to satisfy RPS requirements in 2021 and forward. In the event there are changes to the RPS program that alter RPS procurement obligations, BVES will reflect any changes in its RPS procurement plan with the CPUC and act on that plan, including issuance of additional RFPs if necessary, to best ensure RPS compliance.

**2. BVES' need for resources with specific deliverability characteristics, including peaking, dispatchable, baseload, firm, as-available, and ability or willingness to be curtailed and operational flexibility.**

While the RPS procurement obligation is an energy-based requirement, because BVES can utilize RECs to meet its RPS procurement requirements, the need to secure procurement from resources with specific delivery or operational characteristics is not currently of paramount importance. However, as mentioned above, changing patterns in retail sales (load) may accommodate resources with specific deliverability characteristics, such as delivery during daytime hours, to supplement baseload “brown” power contracts. The production profile of the solar generation project described above will fit well into BVES’ daytime load profile.<sup>1</sup> Even if BVES does gain CPUC approval of its solar generation facility, it would likely continue to meet

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<sup>1</sup> Assuming a final installed capacity of 2.7 MW AC, the solar generating facility is forecasted to produce approximately 5,000 MWh per year.

its resource adequacy (“RA”) requirements through traditional generation procurement, though it may also utilize new qualified renewable generation sources, to the extent available and cost-effective. BVES will continue to procure and schedule energy deliveries with the California Independent System Operator (“CAISO”), procuring conventional energy and Ancillary Services.

**3. Description of how procurement will meet BVES’ load forecasts and address overall energy portfolio requirements, recent legislation, other Commission proceedings, other agency requirements, and other policies or issues that would impact RPS demand and procurement.**

Under its existing unbundled REC contract and proposed solar generation facility, BVES plans to procure sufficient RPS-eligible RECs to meet its forecasted targets for each multi-year compliance period, through 2023 and beyond. Under the existing RPS program, certain procurement from short term contracts and § 399.16(b)(3) procurement cannot be carried forward from one compliance period to the next. Accordingly, BVES will seek to avoid over-procuring any Category 3 RECs from short term contracts to avoid the risk of stranded procurement, or resell surplus procurement if such transactions can be timely completed.

To combat any possibility that BVES’ existing unbundled REC contract is insufficient to meet future RPS targets based on changes in load, BVES is currently working to procure additional bundled solar RECs. As stated above, because BVES can utilize RECs to meet its entire RPS procurement obligation, procurement of additional unbundled RECs will not impact BVES’ overall energy portfolio or the requirements related to that portfolio. If BVES procures bundled RPS energy other than that included in its proposed solar generation facility, BVES will seek to ensure that any such procurement addresses its overall energy portfolio requirements.

**4. RPS lessons learned over the past year, including RPS trends and potential future trends.**

As described above, BVES is exempted from meeting the portfolio content category

requirements and has used its traditional LCBF process, described more fully in section I.G below, to procure cost-effective RECs to meet its RPS targets. Based on BVES' ability to meet its RPS procurement obligations economically with a single, or, if necessary, perhaps two or three, contracts BVES does not have any important lessons or trends to report apart from continuing to support the requirements applicable and flexibility provided to BVES to ensure unbundled and bundled RECs can be procured economically to limit costs to ratepayers.

**B. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.2 of the Assigned Commissioner's Ruling).**

Section 6.2 of the Assigned Commissioner's Ruling asks retail sellers to:

Provide a written status update on the development schedule of all eligible renewable energy resources currently under contract or retail seller-owned but not yet delivering generation. This written status update should differentiate status updates based on whether projects are pre-construction, in construction, or post-construction. The status updates provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5, below. Given this analysis, discuss how the status updates will impact the retail seller's net short and its procurement decisions for the next two years and on a ten-year planning horizon.

**1. Update on development schedule for resources not yet online.**

BVES does not have any contracts with renewable energy resources that are not yet capable of delivering generation. BVES has a long-term contract (approved per Resolution E-4604) for firm<sup>2</sup> RECs, which will be generated by existing, online facilities in the Western Electricity Coordinating Council ("WECC"). BVES is, however, in the process of preparing a filing for CPUC approval of a BVES-owned solar generation facility that, if approved, would result in the procurement of additional bundled RECs from a facility not yet online. However,

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<sup>2</sup> Firm RECs are not unit contingent.



again, to date, BVES has not yet contracted to procure any bundled RECs as a result of its RFP for a renewable energy generating facility.

## **2. Impact of schedule on BVES' net short and procurement decisions.**

Though BVES is planning to enter into a contract to purchase a yet to be developed solar facility stemming from its August 2015 RFP for a renewable energy generating facility, BVES has no existing contracts with any projects under development. Accordingly, the project development schedule will not impact BVES' ability to meet its near-term RPS procurement obligations. BVES' approved contract will allow sufficient resources already online to supply BVES the amount of RECs forecast for RPS compliance. However, as discussed above, changes in load forecasts, and thus retail sales, may require additional procurement in the future to ensure long term RPS compliance.

### **C. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.3 of the Assigned Commissioner's Ruling).**

Section 6.3 of the Assigned Commissioner's Ruling provides:

Describe in writing any potential issues that could delay RPS compliance, including, but not limited to inadequate transmission capacity, permitting delays, insufficient eligible renewable energy resources supply, unanticipated curtailment, unanticipated increase in retail sales, and the relationship, if any, to project development delays, reduced generation, and compliance delays. Describe the steps taken to account for and minimize these potential compliance delays. The potential compliance delays included in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the potential compliance delays will impact the retail seller's RPS net short and its procurement decisions.

#### **1. Description of potential issues that could delay RPS compliance.**

BVES' may utilize RECs for 100% of its RPS compliance and currently has an approved ten-year REC-only contract that is anticipated to nearly satisfy BVES' RPS requirements through

year 2023.<sup>3</sup> Therefore, having obtained CPUC approval for its ten-year REC contract BVES’ has minimized the risk of failing to meet RPS procurement obligations under the current regulatory regime. BVES strongly believes that its RPS contract is good for its ratepayers because RECs are much less costly than bundled RPS energy and will keep administration costs to a minimum. However, as noted above, BVES intends to pursue a local solar generation facility that will add bundled RECs into its portfolio to ensure that future RPS procurement targets will be satisfied.

One risk BVES described in prior RPS Procurement Plans that could interfere with compliance is having “all its eggs in one basket” with one counterparty. If the counterparty fails to deliver or perform, then BVES’ RPS compliance would be in jeopardy. It is important to note that BVES has attempted to address this risk through contractual language and by the selection of an established entity in the RPS market. Additionally, BVES issued its RFP for a renewable energy generating facility and is now working to procure additional bundled RECs to further reduce this risk. Given its small size and limited resources, and most importantly minimizing ratepayer costs, BVES believes that satisfying its procurement obligations with a limited contract approach is an appropriate strategy to achieve RPS compliance. Again, though, as discussed in prior sections, any delay in finalizing BVES’ bundled procurement may in turn cause a delay in RPS compliance.

## **2. Description of steps taken to minimize compliance delays.**

As part of its bid evaluation process under the 2012 RFP for RECs, BVES considered risk factors that included the ability to hold the price for a certain time period, the credit quality

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<sup>3</sup> Though SB 350 increased procurement obligations for the post-2020 compliance periods, the CPUC has not yet finalized the RPS requirements for retail sellers. However, given the increased RPS procurement targets, BVES believes that its RFP for a renewable energy generating facility will help ensure that all RPS procurement obligations are satisfied.

of the counterparty, and an understanding of the CPUC regulatory process for RPS-obligated investor-owned utilities (“IOUs”). BVES determined that the successful bidder and counterparty to its ten-year REC contract offered the least amount of risk with respect to BVES achieving RPS compliance. Resolution E-4604 approved BVES’ long-term REC-only contract, so BVES anticipates that it will not face any compliance delays. Similarly, as part of its bid evaluation process under its RFP for a renewable energy generating facility (discussed in Section I.G below), BVES again considered risk factors to minimize potential compliance delays. However, given the remaining term on BVES’ ten-year REC contract, BVES does not anticipate a need for additional bundled RECs in the near future, and accordingly does not anticipate any compliance delays.

### **3. Description of the impact of delays on BVES’ net short and procurement decisions.**

Although BVES does not at this time anticipate any delays in meeting its RPS procurement obligations, it must be noted that compliance delays are less likely to impact BVES should it procure additional unbundled RECs. Future efforts to procure bundled RPS energy could affect BVES’ net short. However, at this time, BVES does not expect any delays or impacts to its net short or procurement processes in the near-term.

#### **D. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4 of the Assigned Commissioner’s Ruling).**

Section 6.4 of the Assigned Commissioner’s Ruling asks retail sellers to provide the following:

Provide a written assessment of the risk in the RPS portfolio in relation to RPS compliance requirements. Risk assessment should describe risk factors such as those described above regarding compliance delays, as well as, but not limited to, the following: lower than expected generation, variable generation, resource availability (e.g., biofuel supply, water, etc.), and impacts to eligible renewable energy resource projects currently under

contract. The risk assessment provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the risk assessment will impact the retail seller's net short and its procurement decisions.

### **1. Assessment of risk in the RPS portfolio in relation to RPS compliance.**

As discussed above, BVES has contracted for a long-term REC-only transaction that has been approved. With statute and CPUC rules permitting BVES to use RECs for 100% of its RPS compliance, there is little risk to BVES' RPS portfolio in relation to its RPS compliance. Additionally, BVES' long-term REC-only contract is not dependent on any one resource or project. Instead, any CEC-certified Eligible Renewable Energy Resource ("ERR") whose output qualifies for the California RPS program can be the source of the RECs used by BVES to achieve RPS compliance. As a result, BVES faces little to no risk that a project under contract will be delayed or terminated. If a project were delayed or terminated, Avangrid can obtain RECs from other CEC-certified RPS facilities to provide BVES.

BVES has also sought to procure additional bundled RECs, as evidenced by the issuance of its RFP for a renewable energy generating project. Though additional RECs are not needed at this time to meet RPS procurement obligations in the near future, BVES anticipates through the procurement of unbundled and bundled RECs that it will continue to comply with the RPS program going forward.

### **2. Impact of risk on BVES' net short and procurement decisions.**

Contract failure would adversely impact BVES' net short and cause BVES to alter its procurement decisions in the future. Similarly, any regulatory changes that disallowed BVES from meeting its RPS procurement obligations using 100% RECs would adversely impact BVES' net short and require new procurement decisions going forward.

**E. Quantitative Information - §§ 399.13(a)(5)(A), (B), (D) and (F) (Section 6.5 of the Assigned Commissioner’s Ruling).**

Section 6.5 of the Assigned Commissioner’s Ruling provides:

In addition to the written descriptive responses to Sections 6.1 through 6.4, provide quantitative data, methodologies, and calculations relied upon to assess the retail seller’s RPS portfolio needs and RPS procurement net short. This quantitative analysis must take into account, where appropriate, the quantitative discussion requirement by Sections 6.1-6.4, above. Any RPS-eligible procurement that has or will occur outside of the RPS program should also be included. As stated above, the portfolio assessment should be for a minimum of 20 years in the future. The responses must be clear regarding the quantitative progress made towards RPS requirements and the specific risks to the electrical corporation’s RPS procurement portfolio. Risks may include, but are not limited to, project development, regulatory, and market risks. The quantitative response must be provided in an Excel spreadsheet based on the most recently directed renewable net short methodology.

BVES provides its quantitative response to Section 6.5 of the Assigned Commissioner’s Ruling in the attached renewable net short (“RNS”) template, attached hereto as Appendix A.

**F. “Minimum Margin” of Procurement - § 399.13(a)(4)(D) (Section 6.6 of the Assigned Commissioner’s Ruling).**

Section 6.6 of the Assigned Commissioner’s Ruling asks retail sellers to provide the following:

[A] methodology and inputs regarding the utility’s proposed minimum margin of over-procurement metric. The methodology should be representative of and consistent with the utility’s inputs and assumptions in Section 6.5. Also, the metric should be used to calculate the utility’s procurement needs pursuant to Section 6.5. Additionally, use of any sensitivities or scenarios should be described. If the utility’s assumed minimum margin of over-procurement is not used to calculate a utility’s net short provided in response to Section 6.5, then the utility should clearly describe the reasons and any assumptions or other additional methodologies used to calculate the utility’s proposed over-procurement. Reasons and assumptions should be supported with quantitative information to the extent possible.

Although the Assigned Commissioner’s Ruling provides that BVES’ RPS Procurement Plan should provide the information required in section 6.6,<sup>4</sup> section 6.6 itself provides that only “PG&E, SCE, and SDG&E [are directed] to identify in their proposed 2016 RPS Procurement Plans the assumed minimum margin of procurement above the minimum procurement level.”<sup>5</sup> Based on this direction in the Assigned Commissioner’s Ruling, BVES does not believe that the Commission intended for BVES to address this issue. Nevertheless, BVES provides the following response regarding the “minimum margin” of procurement.

As described above, BVES has entered into a contract with Avangrid in order to fully satisfy its RPS procurement obligations. Additionally, BVES is seeking to procure additional bundled solar RECs. However, due to the limitations on “banking” excess unbundled RECs, and BVES’ goal to minimize costs to its ratepayers, BVES only intends to procure sufficient RECs to meet its RPS requirements and does not plan to over-procure and exceed RPS procurement targets. The banking restrictions are structured so that regardless of whether BVES secures additional bundled RECs through its RFP for renewable energy generation, even if the amount of RECs BVES retires in a given year was above its RPS targets, those RECs would be ineligible for banking forward to a future compliance period and would accordingly result in unnecessary stranded costs for BVES’ ratepayers. Accordingly, BVES does not plan to procure RECs in excess of its RPS procurement targets. Instead, as described above, BVES’ contract for RECs includes “base” RECs and “option” RECs, as well as any additional bundled RECs BVES procures as a result of its RFP for a renewable energy generating facility, to ensure that BVES has the capability to address fluctuations in retail sales and corresponding RPS targets and procure sufficient RECs to meet its RPS procurement obligations.

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<sup>4</sup> Assigned Commissioner’s Ruling, p. 7.

**G. Bid Solicitation Protocol, Including Least-Cost Best-Fit Methodologies - § 399.13(a)(5)(C) and D.04-07-029 (Section 6.7 of the Assigned Commissioner’s Ruling).**

Section 6.7 of the Assigned Commissioner’s Ruling provides:

Pursuant to § 399.13(a)(5)(C), 2016 RPS Procurement Plans must include a bid solicitation protocol setting forth the need for eligible renewable energy resources. If selling eligible renewable energy is part of a 2016 RPS Procurement Plan, then a solicitation protocol setting forth the available eligible renewable energy should also be included. Solicitations shall be consistent with portfolio assessment provided in Sections 6.1 through 6.5 and the retail seller’s renewable net short position. Additionally, solicitations should be specific regarding what quantity of products are being requested (or offered) and the required deliverability characteristics, online dates, term lengths, and locational preferences.

The bid solicitation protocols should include, an overview of the solicitation process, a solicitation schedule, pro forma agreement(s), and a detailed description of the utility’s least-cost best-fit (LCBF) methodology. If the renewable auction mechanism (RAM) procurement process is planned to be used, then a pro forma agreement for that process should be included. Additionally, if any sales, or other types of procurement is planned and needs a specific pro forma agreement (e.g. short-term procurement), then it should also be included. The LCBF methodology should be consistent with D.04-07-029, D.11-04-030, D.12-11-016, and D.14-11-042. Also, it should clearly describe criteria (e.g., energy value, congestion cost, locational preference, term length, ability to be curtailed, operational flexibility, etc.) and how bids will be valued and evaluated based on the LCBF methodology. Any qualitative measures that will be used in LCBF methodology should also be described, both in terms of the criteria and how they will be used in the methodology.

It must be noted that the requirements of Section 6.7 do not all apply to BVES.

Specifically, the LCBF criteria enumerated in D.04-07-029, D.11-04-030, D.12-11-016, and D.14-11-042 were only imposed upon California’s three largest IOUs (Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company

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<sup>5</sup> *Id.* at § 6.6, p. 12.

(collectively, the “Large IOUs”). The Commission has never required that BVES follow specific LCBF. Though BVES does consider similar factors as the Large IOUs, BVES’ bid solicitation protocol and LCBF methodology is different from those of the Large IOUs and any requirements for such protocols and methodologies as prescribed to the Large IOUs by the Commission.

When BVES issued its RFP, that process was initiated to ensure that BVES would continue to satisfy its RPS procurement obligations in the future. The RFP evaluation process consists of a number of qualitative and quantitative criteria. The categories of evaluation criteria included “Market Evaluation,” such as price, pricing structure, location, term and more; “Risk factors” like security risk and environmental, health and safety issues, among others; “Project viability” such as site control and developer experience; “Portfolio fit” like load profile compatibility (to BVES’ load profile), proposed commercial online date and construction timeline. BVES considered the impact of these qualitative and quantitative factors on the overall LCBF analysis of PVN’s proposal.

**1. Workforce Development - § 399.13(a)(4)(A)(iv) (Section 6.7.1 of the Assigned Commissioner’s Ruling).**

Section 6.7.1 of the Assigned Commissioner’s Ruling asks retail sellers to provide the following:

SB 2 (1X) added the requirement that the criteria for ranking and selecting of least-cost, best-fit renewable energy resources shall include “the employment growth associated with the construction and operation of eligible renewable energy resources.” Accordingly, the 2016 RPS Procurement Plans shall include a description of a proposed approach for assessing and differentiating the ability of different bids to contribute to employment growth. Pursuant to statute, the approach should



address both the construction and operational phases of the project.<sup>6</sup>

BVES takes very seriously the positive impact on employment for Californians resulting from the construction and operation of eligible renewable energy resources. With regard to BVES' proposed 2.7 MW AC solar generation facility, BVES and the developer, PVN, anticipate that numerous construction jobs will be created during the approximate 18 month permitting and construction time frame. Once operational, BVES anticipates that employees from its own Operations department will be able to maintain the facility during its production life span of 20-30 years. There may be occasional servicing or cleaning that would require outside specialists, and thus, help support job growth in California's renewables sector. Finally, Golden State Water Company, of which BVES is a division, operates a Supplier Diversity Program and is committed to achieving supplier diversity business opportunities to reflect the communities served by the company and to adhere to regulatory compliance with the CPUC.

## **2. Disadvantaged Communities - § 399.13(a)(7) (Section 6.7.2 of the Assigned Commissioner's Ruling).**

Section 6.7.2 of the Assigned Commissioner's Ruling asks retail sellers to provide the following:

SB 2 (1X) additionally added the requirement that preference shall be given "to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases." Consequently, the 2016 RPS Procurement Plans shall include a description of their methodology for preferring projects that provide the benefits described in 399.13(a)(7). The description should clearly articulate how a project's benefits to communities are determined or obtained and how that information influences offer selection.<sup>7</sup>

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<sup>6</sup> Footnote omitted.

<sup>7</sup> Footnote omitted.

Section 399.13(a)(7) provides that IOUs “shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases.” Given the small size of BVES’ service territory and its limited customer base, BVES effectively operates as a single community. Accordingly, no preference can be given to various projects located within BVES’ service territory.

**H. Consideration of Price Adjustment Mechanisms - § 399.13(a)(5)(E)  
(Section 6.8 of the Assigned Commissioner’s Ruling).**

Section 6.8 of the Assigned Commissioner’s Ruling asks retail sellers to provide the following:

[D]escribe how price adjustments (e.g., index to key components, index to Consumer Price Index, price adjustments based on exceeding transmission or other cost caps, etc.) will be considered and potentially incorporated into contracts for RPS-eligible projects with online dates occurring more than 24 months after the contract execution date. Discuss how the price adjustments will maximize value for ratepayers and minimized potential risks to ratepayers.

BVES’ ten-year REC-only contract is designed to satisfy all of BVES’ RPS procurement obligations through 2023. BVES’ approved contract includes fixed prices through 2023 and does not contain price adjustment mechanisms. By their very nature, fixed prices translate into a quantifiable low risk to ratepayers. Furthermore, because unbundled RECs are likely to be the least expensive of the portfolio content category products, value for BVES’ ratepayers is maximized. Additionally, the contract utilizes facilities that are already existing and online.

Additionally, any bundled procurement that results from BVES’ solar generation project will likely not utilize price adjustment mechanisms, though contract negotiations with the supplier have not yet begun. Accordingly, it would be premature for BVES to comment on

whether price adjustment will be incorporated into the final contract for the solar generation facility, assuming approval from the CPUC.

# **I. Cost Quantification (Section 6.8 of the Assigned Commissioner’s Ruling).**

Section 6.8<sup>8</sup> of the Assigned Commissioner’s Ruling asks retail sellers to provide the following:

To support the Commission’s reporting to the Legislature pursuant to §§ 913.3 and 913.4, PG&E, SCE, SDG&E, Bear Valley, Liberty Utilities LLC, and PacifiCorp are required to include the information described in Table 1, below, in their proposed 2016 RPS Procurement Plans.

BVES’ information regarding cost quantification is included in Table A, below.

**Table A**  
**RPS Procurement Information Related to Cost Quantification**

| Row | Item                                    | Description   |
|-----|---|---|
| 1.  | Actual Direct Expenditures – per year   | 2003-2011: [REDACTED]<br>2012: 1) [REDACTED]; Technology: Landfill gas-to-energy; <sup>9</sup> 2) [REDACTED]; Technology: Landfill gas to energy [REC-only] <sup>10</sup><br>2013: [REDACTED] <sup>11</sup><br>2014: [REDACTED]<br>2015: [REDACTED]<br>2016: [REDACTED] |
| 2.  | Actual REC Procurement (MWh) – per year | 2003-2011: 0 MWh<br>2012: 1) 2,231 MWh; Technology: Landfill gas-to-energy; <sup>12</sup> 2) 10,827 MWh; Technology: Landfill gas-to-energy [REC-only]  |









<sup>8</sup> It must be noted that the Assigned Commissioner’s Ruling includes two sections numbered 6.8. This portion of BVES’ RPS Procurement Plan addresses the section 6.8 entitled “Cost Quantification”.

<sup>9</sup> Energy delivered in 2011 and RECs transferred to BVES’ active WREGIS sub-account in 2012

<sup>10</sup> The dollar amount includes payment for RECs used to satisfy pre-2011 and 2011-2013 RPS obligations.

<sup>11</sup> Due to the timing of payments, BVES paid in 2014 an additional [REDACTED] for RECs retired in 2013 for the 2013 compliance year. However, since the payment was made in 2014 the dollar amount is included in 2014 expenditures. The 2,788 RECs that make up the [REDACTED] expense are included in 2013’s REC procurement.

<sup>12</sup> Ibid.

|    |   |   |
|----|---|---|
|    |   | 2013: 131,790 MWh <sup>13</sup><br>2014: 32,655<br>2015: 35,837<br>2016: 38,865   |
| 3. | Forecast Direct Expenditures – per year   | 2016: <br>2017: <br>2018: <br>2019: <br>2020: <br>2021: <br>2022: <br>2023: <br>2024: \$0<br>2025: \$0<br>2026: \$0<br>2027: \$0<br>2028: \$0<br>2029: \$0<br>2030: \$0 |
| 4. | Forecast REC Procurement (MWh) – per year | 2016: 38,865<br>2017: 42,425<br>2018: 45,444<br>2019: 48,455<br>2020: 51,661<br>2021: 51,640<br>2022: 51,594<br>2023: 51,617<br>2024: 0<br>2025: 0<br>2026: 0<br>2027: 0<br>2028: 0<br>2029: 0<br>2030: 0   |

<sup>13</sup> The amount of RECs/MWh shown includes RECs procured to satisfy remaining pre-2011 and 2011-2013 RPS obligations.

|    |  |  |
|----|--|--|
| 5. | Incremental Rate Impact – per year <sup>14</sup> | \$/kWh<br>2003-2011: \$0<br>2012: \$0<br>2013: \$.00114<br>2014: \$(.00037)<br>2015: \$(.00003)<br>2016: \$(.00006)<br>2017 <sup>15</sup> : \$.00189<br>2018: \$.00012<br>2019: \$.00011<br>2020: \$.00018<br>2021: \$.00105<br>2022: \$.00003<br>2023: \$.00003<br>2024 <sup>16</sup> : \$.00058<br>2025: \$.00020<br>2026: \$.00019<br>2027: \$.00020<br>2028: \$.00020<br>2029: \$.00019<br>2030 <sup>17</sup> : \$.00020 |
|----|--|--|

**J. Important Changes to Plans Noted (Section 6.12 of the Assigned Commissioner’s Ruling).**

BVES’ 2016 RPS Procurement Plan is similar to its 2015 RPS Procurement Plan. The biggest change is that this 2016 plan includes discussions about BVES’ RFP for a renewable energy generating project and the resulting proposed solar facility. Assuming it comes to fruition, additional bundled procurement will further help BVES satisfy all future RPS procurement obligations. BVES anticipates that its current unbundled REC contract, in combination with new unbundled and/or bundled procurement contracts, will ensure that BVES

<sup>14</sup> Assumes a continued 33% requirement and a REC price equal to the price BVES will pay in the tenth year of its ten-year contract for years 2024-2030.

<sup>15</sup> BVES will file to adjust amortization rate in its 2017 GRC; this will include amortization of all REC costs from 2012 through 2016 effective 1/1/2017

<sup>16</sup> Years 2017 to 2024 assume that BVES adjusts amortization rate annually.

<sup>17</sup> Years 2025 to 2030 assume that BVES exactly meets RPS requirements.

meets the requirements of the RPS program.

**K. Redlined Copy of Plans Required (Section 6.13 of the Assigned Commissioner's Ruling).**

The Assigned Commissioner's Ruling requires that:

A version of the 2016 RPS Procurement Plan that is "redlined" to identify the changes from the 2015 plan must be included with the 2016 RPS Procurement Plans. The IOUs must provide a redlined copy for the Commission's Energy Division Staff, the ALJ, and any party who requests a copy.

BVES' redlined copy of its RPS Procurement Plan is included in Appendix B. In accordance with the Assigned Commissioner's Ruling, BVES is separately providing a version of its 2016 RPS Procurement Plan that is "redlined" to identify changes from its 2015 RPS Procurement Plan to Energy Division Staff and the ALJ. If any party requests a copy of the redlined version, BVES will provide them with a copy.

**L. Safety Considerations (Section 6.14 of the Assigned Commissioner's Ruling).**

According to Section 6.14 of the Assigned Commissioner's Ruling, "all entities filing RPS Procurement Plans must incorporate a section on safety considerations." Section 451 of the Public Utilities Codes provides, in part that:

Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

On July 29, 2013, the Commission issued Resolution E-4604 approving BVES' Advice Letter 277-E and BVES' ten-year REC-only contract with Avangrid. Beginning in 2013, the contract with Avangrid fully satisfied BVES' RPS requirements through year 2023 (including past deficits and procurement obligations).

BVES assessed the terms and conditions of its contract with Avangrid and concluded that it is consistent with the provisions of Public Utilities Code Section 451. By entering into a REC-only contract to meet its RPS obligations, BVES is contributing to the State's RPS goals. Overall, meeting RPS goals has a positive effect on public health.

Because the contract between Avangrid and BVES involves only the purchase of unbundled RECs by BVES (and not physical power), there will be no impact on BVES' delivery of energy to its customers nor its energy portfolio, including the planning and administration of physical power supply contracts. Additionally, the contract does not require a change in facility operations at BVES since the unbundled RECs originate from facilities not interconnected with BVES' utility system. As such, the contract will not interfere with the safe operation of BVES facilities nor will it adversely affect safety and reliability of service. Further, the contract does not alter existing agreements or any facility operations. Because the contract does not require a change in facility operations, there are no incremental safety implications associated with this agreement beyond the status quo; therefore the contract will not adversely affect the public's health and safety.

Though BVES issued its RFP for a renewable energy generating facility, no bundled procurement has occurred to date as a result of that RFP. Once BVES procures bundled RECs as a result of its RFP, BVES will address any potential safety issues that may arise from such procurement at that time.

## **II. RPS Procurement Plan – Renewable Net Short**

### **A. RNS Standardized Reporting Template**

As required by the RNS Ruling, BVES provides the standardized reporting template for its RNS attached hereto as Appendix A. Many of the inputs and assumptions used in the standardized template are tailored to the Large IOUs. For example, the Annual Bundled Retail

Sales Forecast relies on the Long-Term Procurement Plan (“LTPP”) proceedings and LTPP procurement plans, from which BVES has been exempted.<sup>18</sup> BVES’ exemption from the LTPP proceeding is based upon, among other things, the disproportionate impact participation in the proceeding would have on its customers. Additionally, the “Pre-approved Generic RECs” input uses “pre-approved RPS procurement programs such as: Renewable Auction Mechanism (RAM) solicitations, Renewable Feed-in-Tariff (FIT), SB 1122, and Solar Photovoltaic Programs (SPVP)”, all of which do not apply to BVES.<sup>19</sup> Accordingly, the standardized reporting template does not make sense when applied to BVES. For these reasons, and as instructed by Commission staff, BVES will leave the inapplicable sections of the template blank or populate the template to the best of its ability based on BVES’ own internal estimates and forecasts.

## **B. BVES Response to Questions on the RNS**

In accordance with the RNS Ruling, BVES provides the following responses to questions posed in Appendix D of the RNS Ruling.

### **1. RPS Compliance Risk – How do current and historical performance of online resources in your RPS portfolio impact future projections of RPS deliveries and your subsequent RNS?**

BVES does not anticipate any difficulties securing RECs under its approved long-term REC-only transaction and does not envision any impacts to REC deliveries or its RNS. As BVES is permitted to use unbundled RECs to satisfy 100% of its RPS obligations, there is little risk to BVES’ RPS portfolio in relation to its RPS compliance. Additionally, BVES’ long-term REC-only contract is not dependent on any one resource or project. Instead, any ERR whose output qualifies for the California RPS program can be the source of the RECs used by BVES to achieve RPS compliance. As a result, BVES faces little to no risk to satisfy RPS obligations

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<sup>18</sup> See Resolution E-4232 (exempts BVES from the filing of procurement plans).

<sup>19</sup> See RNS Ruling, Attachment A - Staff Methodology, App. B.



through REC deliveries and does not anticipate any impact to its RNS.

**2. RPS Compliance Risk – Do you anticipate any future changes to the current bundled retail sales forecast? If so, describe how the anticipated changes impact the RNS.**

BVES anticipates increases in future bundled retail sales forecasts, as outlined in its RNS calculation attached hereto as Appendix A. However, based upon: (1) BVES' ability to satisfy RPS procurement obligations using unbundled RECs; (2) the flexibility provided to BVES under its approved REC-only contract; and (3) potential additional bundled procurement resulting from BVES' RFP, BVES anticipates that it will continue to satisfy its RPS procurement obligations with no impact to its RNS.

**3. RPS Compliance Risk – Do you expect curtailment of RPS projects to impact your projected RPS deliveries and subsequent RNS?**

As BVES' long-term REC-only contract is not dependent on any one resource or project, curtailment of any one resource should not impact projected RPS deliveries and BVES' subsequent RNS.

**4. RPS Compliance Risk – Are there any significant changes to the success rate of individual RPS projects that impact the RNS?**

BVES does not currently have any contracts with renewable energy resources that are not yet capable of delivering generation, so success rates of individual RPS projects will not impact BVES' RNS. While BVES may procure additional bundled RECs as a result of its RFP for a renewable energy generating facility, that potential procurement is not included in the RNS template and accordingly will not impact BVES' RNS.

**5. RPS Compliance Risk – As projects in development move towards their COD, are there any changes to the expected RPS deliveries? If so, how do these changes impact the RNS?**

BVES does not have any existing contracts with projects in development. While BVES may procure additional bundled RECs as a result of its RFP for a renewable energy generating facility, that potential procurement is not included in the RNS template and accordingly will not impact BVES' RNS.

**6. RECs above the PQR – What is the appropriate amount of RECs above the PQR to maintain? Please provide a quantitative justification and elaborate on the need for maintaining banked RECs above the PQR.**

Due to the limitations on “banking” excess unbundled RECs, and BVES' goal to minimize costs to its ratepayers, BVES will seek to minimize the amount of RECs above its PQR and only intends to procure sufficient RECs to meet its RPS requirements, as described in Section I.F, above.

**7. RECs above the PQR –What are your strategies for short-term management (10 years forward) and long-term management (10-20 years forward) of RECs above the PQR? Please discuss any plans to use RECs above the PQR for future RPS compliance and/or to sell RECs above the PQR.**

See BVES' response to question 6 above.

**8. VMOP – Provide VMOP on both a short-term (10 years forward) and long-term (10-20 years forward) basis. This should include a discussion of all risk factors and a quantitative justification for the amount of VMOP.**

BVES' approved long-term REC-only contract is designed to minimize risk and provide BVES the flexibility to meet its entire RPS procurement obligations. BVES currently has no contracts with any facilities that are not already operating and has the ability to procure RECs from various ERRs to meet its procurement obligations. Furthermore, due to the restrictions on

carrying forward excess unbundled RECs from one compliance period to another, BVES will minimize over-procuring RECs. Accordingly, BVES will minimize any VMOP.

**9. VMOP – Please address the cost-effectiveness of different methods for meeting any projected VMOP procurement need, including application of forecast RECs above the PQR.**

It is most cost-effective for BVES to meet its entire procurement obligations using unbundled RECs, which minimizes BVES’ need to over-procure.

**10. Cost-effectiveness – Are there cost-effective opportunities to use banked RECs above the PQR for future RPS compliance in lieu of additional RPS procurement to meet the RNS?**

This opportunity would only be available to BVES if it enters into a significant quantity of long term bundled procurement transactions. BVES has no plans at this time to procure sufficient bundled products to make banking cost-effective.

**11. Cost-effectiveness – How does your current RNS fit within the regulatory limitations for PCCs? Are there opportunities to optimize your portfolio by procuring RECs across different PCCs?**

BVES is “not subject to the requirements and limitations [on] the use of procurement in each portfolio content category.”<sup>20</sup> Accordingly, BVES may meet its entire RPS procurement obligations using unbundled REC procurement. BVES’ optimal portfolio to minimize costs to its ratepayers is to satisfy the majority of its RPS procurement obligation utilizing unbundled RECs, as allowed under the RPS rules.

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<sup>20</sup> D.11-12-052, p. 63; *see also* D.11-12-052, Ordering Paragraph 16.

### **III. Conclusion.**

BVES continues to make all reasonable efforts to meet its RPS procurement requirements. With the ability to use 100% RECs, BVES plans to primarily use RECs to satisfy its RPS procurement obligations. BVES will seek to ensure that there is no stranded procurement under the existing prohibition on carrying forward procurement from short term contracts or § 399.16(b)(3) products. BVES has taken steps to reduce compliance delays and contract risks based on its ability to use RECs to meet its entire RPS obligation. Nevertheless, BVES is seeking to procure additional bundled RECs via its 2015 RFP for a renewable energy generating facility to ensure that all future RPS procurement obligations are satisfied. BVES' procurement strategy is relatively simple and is unlikely to change and it therefore is confident it will continue to achieve RPS compliance.

Dated: August 8, 2016

Respectfully submitted,

/s/

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Attorneys for Bear Valley Electric Service

## **APPENDIX A**

### **BVES RPS PROCUREMENT PLAN**

### **RNS STANDARDIZED REPORTING WORKBOOK**

Bear Valley Electric Service (U 913-E) Renewable Net Short Template

| Variable                                | Calculation                 | Item  | Deficit from RPS prior to Reporting Year | 2011 Actuals | 2012 Actuals | 2013 Actuals | 2011-2013 | 2014 Actual | 2015 Actual | 2016 Forecast | 2014-2016 | 2017 Forecast | 2018 Forecast | 2019 Forecast |
|---|-----------------------------|---|--|--------------|--------------|--------------|-----------|-------------|-------------|---------------|-----------|---------------|---------------|---------------|
|   |                             | Forecast Year   | 51                                       | -            | -            | -            | CP1       | -           | -           | -             | CP2       | -             | -             | -             |
| Annual RPS Requirement                  |                             |   |  |              |              |              |           |             |             |               |           |               |               |               |
| A                                       |                             | Bundled Retail Sales Forecast (LTTP)  |  | 137          | 131          | 133          |           | 126         | 133         | 143           |           | 141           | 145           | 148           |
| B                                       |                             | RPS Procurement Quantity Requirement (%)  |  | 20%          | 20.0%        | 20.0%        | 20.0%     | 21.7%       | 23.3%       | 25.0%         | 23.3%     | 27.0%         | 29.0%         | 31.0%         |
| C                                       | A*B                         | Gross RPS Procurement Quantity Requirement (GWh)  |  | 27           | 26           | 27           | -         | 27          | 31          | 36            | -         | 38            | 42            | 46            |
| D                                       |                             | Voluntary Margin of Over-procurement  | Row blank                                |              |              |              |           |             |             |               |           |               |               |               |
| E                                       | C+D                         | Net RPS Procurement Need (GWh)  | 51                                       | 27           | 26           | 27           |           | 27          | 31          | 36            |           | 38            | 42            | 46            |
| RPS-Eligible Procurement                |                             |   |  |              |              |              |           |             |             |               |           |               |               |               |
| Fa                                      |                             | Risk-Adjusted RECs from Online Generation   |  | 27           | 26           | 28           |           | 45          | 36          | 39            |           | 42            | 45            | 48            |
|   |                             |   |  | 0            | 0            | 0            | 0         | 0           | 0           | 0             |           | 0             | 0             | 0             |
| Faa                                     |                             | Forecast Failure Rate for Online Generation (%)   | blank                                    |              |              |              |           |             |             |               |           |               |               |               |
| Fb                                      |                             | Risk-Adjusted RECs from RPS Facilities in Development                                     | blank                                    |              |              |              |           |             |             |               |           |               |               |               |
| Fbb                                     |                             | Forecast Failure Rate for RPS Facilities in Development (%)                               | blank                                    |              |              |              |           |             |             |               |           |               |               |               |
| Fc                                      |                             | Pre-Approved Generic RECs   | blank                                    |              |              |              |           |             |             |               |           |               |               |               |
| Fd                                      |                             | Executed REC Sales  | blank                                    |              |              |              |           |             |             |               |           |               |               |               |
| F                                       | Fa + Fb +Fc - Fd            | Total RPS Eligible Procurement (GWh)  | 51                                       | 27           | 26           | 28           | -         | 45          | 36          | 39            | -         | 42            | 45            | 48            |
| F0                                      |                             | Category 0 RECs   |  | 2            |              |              |           |             |             |               |           |               |               |               |
| F1                                      |                             | Category 1 RECs   | n/a                                      |              |              |              | -         |             |             |               |           |               |               |               |
| F2                                      |                             | Category 2 RECs   | n/a                                      |              |              |              | -         |             |             |               |           |               |               |               |
| F3                                      |                             | Category 3 RECs   | 51                                       | 25           | 26           | 28           |           | 45          | 36          | 39            |           | 42            | 45            | 48            |
| Gross RPS Position (Physical Net Short) |                             |   |  |              |              |              |           |             |             |               |           |               |               |               |
| Ga                                      | F-E                         | Annual Gross RPS Position (GWh)   | (0)                                      | 0            | 0            | 2            |           | 18          | 5           | 3             |           | 4             | 3             | 2             |
| Gb                                      | F/A                         | Annual Gross RPS Position (%)   |  | 20%          | 20%          | 21%          |           | 36%         | 27%         | 27%           |           | 30%           | 31%           | 33%           |
| Application of Bank                     |                             |   |  |              |              |              |           |             |             |               |           |               |               |               |
| Ha                                      | H - Hc (from previous year) | Existing Banked RECs above the PQR  | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| Hb                                      |                             | RECs above the PQR added to Bank  | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| Hc                                      |                             | Non-bankable RECs above the PQR or Net Short  |  |              |              | 2            |           | 18          | 5           | 3             |           | 4             | 3             | 2             |
| H                                       | Ha+Hb                       | Gross Balance of RECs above the PQR   | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| Ia                                      |                             | Planned Application of RECs above the PQR towards RPS Compliance                          | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| Ib                                      |                             | Planned Sales of RECs above the PQR   | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| J                                       | H-Ia-Ib                     | Net Balance of RECs above the PQR   | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| J0                                      |                             | Category 0 RECs   | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| J1                                      |                             | Category 1 RECs   | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| J2                                      |                             | Category 2 RECs   | blank row                                |              |              |              |           |             |             |               |           |               |               |               |
| Expiring Contracts                      |                             |   |  |              |              |              |           |             |             |               |           |               |               |               |
| K                                       |                             | RECs from Expiring RPS Contracts (column w take last base REC quantity from 2022 to 2023) |  |              |              |              |           |             |             |               |           |               |               |               |
| Net RPS Position (Optimized Net Short)  |                             |   |  |              |              |              |           |             |             |               |           |               |               |               |
| La                                      | Ga + Ia - Ib - Hc           | Annual Net RPS Position after Bank Optimization (GWh)                                     |  |              |              |              |           |             |             |               |           |               |               |               |
| Lb                                      | (F + Ia - Ib - Hc)/A        | Annual Net RPS Position after Bank Optimization (%)                                       |  |              |              |              |           |             |             |               |           |               |               |               |

Note: Fields in grey are protected as Confidential under CPUC Confidentiality Rules

Note: Values are shown in GWhs

50% by 2030

[illegible]

| Facility Name                       | Technology                          | Contract Expiration Date | MW                                  | Expected Annual Generation (GWh) | Location                            | PCC Classification |
|-------------------------------------|-------------------------------------|--------------------------|-------------------------------------|----------------------------------|-------------------------------------|--------------------|
| N/A--contract not facility specific | N/A--contract not facility specific | 12/31/2023               | N/A--contract not facility specific | 46,654                           | N/A--contract not facility specific | PCC3               |

For 2016 RPS Procurement Report, BVES is showing "Base" and "Option" RECs available under its contract with Avangrid



## **APPENDIX B**

### **REDLINED VERSION OF BVES' RPS PROCUREMENT PLAN**

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue  
Implementation and Administration, and Consider  
Further Development, of California Renewables  
Portfolio Standard Program.

Rulemaking 15-02-020  
(Filed February 26, 2015)

**PUBLIC VERSION**

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF  
BEAR VALLEY ELECTRIC SERVICE (U 913-E), A DIVISION OF  
GOLDEN STATE WATER COMPANY**

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August ~~4, 8, 2015~~ 2016

Attorneys for Bear Valley Electric Service

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Continue  
Implementation and Administration, and Consider  
Further Development, of California Renewables  
Portfolio Standard Program.

Rulemaking 15-02-020  
(Filed February 26, 2015)

**RENEWABLES PORTFOLIO STANDARD PROCUREMENT PLAN OF  
BEAR VALLEY ELECTRIC SERVICE (U-913 E), A DIVISION OF  
GOLDEN STATE WATER COMPANY**

Pursuant to the May ~~28, 2015~~ 17, 2016 Assigned Commissioner and Assigned  
Administrative Law Judge's ~~Revised~~ Ruling Identifying Issues and Schedule of Review for  
~~2015~~ 2016 Renewables Portfolio Standard Procurement Plans ("Assigned Commissioner's  
Ruling"), the June ~~30, 2015~~ 8, 2016 E-mail Ruling ~~Revising Schedule for the 2015 RPS~~  
~~Procurement Plans, the July 29, 2015 email from~~ Administrative Law Judge Mason clarifying  
~~the requirements of the Assigned Commissioner's Ruling~~ Granting, in Part, IOUs Request for an  
Extension of Time to Produce the 2016 RPS Procurement Plans, and the May 21, 2014  
Administrative Law Judge's Ruling on Renewable Net Short ("RNS Ruling"), Bear Valley  
Electric Service (U 913-E) ("BVES"), a division of Golden State Water Company ("GSWC"),  
submits the following Renewables Portfolio Standard ("RPS") Procurement Plan. In accordance  
with the Assigned Commissioner's Ruling, BVES provides the following responses to sections  
6.1 through ~~6.6, 6.8, 6.8~~ 6.8 and ~~6.13 6.12~~ 6.12 through ~~6.15 6.14~~ 6.14.

**~~I. Background and Summary of Renewable Competitive Solicitation Efforts of  
BVES.~~**

~~BVES has long sought to meet its RPS procurement targets and will continue to strive to  
meet the new RPS targets established by the California Public Utilities Commission~~  
~~("Commission" or "CPUC"). Between 2006 and 2012, BVES issued seven requests for~~

proposals (“RFPs”) that included requests for renewable energy and/or renewable energy credits (“RECs”); the most recent RFP seeking RPS-eligible products was issued June 29, 2012.<sup>1</sup> Unlike the 2011 REC-only RFP, the June 2012 RFP for RECs also sought pre-2011 volumes in addition to its current and future compliance period needs so that BVES could fulfill its shortfalls (deficits) from the twenty percent by 2010 RPS era as promulgated by Decision 12-06-038. In addition to the pre-2011 shortfall, BVES sought a ten-year contract beginning in 2013 and ending no sooner than December 31, 2023 to meet its RPS procurement obligations.

To allow for full compliance on an annual basis,<sup>2</sup> in its 2012 RFP BVES sought to procure both “Base” RECs and “Option” RECs. Base RECs represent RECs that BVES is obligated to purchase and is confident will be needed to meet its RPS requirement. Option RECs represent an additional amount of RECs that BVES may need to supplement the Base RECs to account for fluctuations in retail load. Given that BVES is able to utilize RECs for all RPS obligations, the one-contract approach seemed like an attractive, highly valuable goal that would benefit customers. On February 12, 2013 GSWC, on behalf of its BVES division, filed Advice Letter 277-E with respect to its RPS agreement for the purchase of RECs. On July 29, 2013 the Commission issued Resolution E-4604 approving BVES’ Advice Letter 277-E and BVES’ ten-year REC-only contract with Iberdrola Renewables, LLC (“Iberdrola”). Commencing in 2013, the contract with Iberdrola is intended to fully satisfy BVES’ RPS requirements through year 2023 (including past deficits and procurement obligations).

<sup>1</sup> BVES issued two RFPs in 2011 and one in 2012; the second 2011 RFP and the 2012 RFP requested REC-only offers and did not invite bidders to submit bundled RPS energy offers.

<sup>2</sup> D.12-06-038 does not enforce annual requirements but sets goals; RPS compliance will formally be determined by compliance period (e.g. 2011-2013, 2014-2016 and 2017-2020).

**L ~~H~~-RPS Procurement Plan – BVES Responses to Assigned Commissioner’s Ruling**

**A. Assessment of RPS Portfolio Supplies and Demand - § 399.13(a)(5)(A) (Section 6.1 of the Assigned Commissioner’s Ruling).**

Section 6.1 of the Assigned Commissioner’s Ruling requests retail sellers to:

Provide a written description assessing annual and multi-year portfolio supplies and demand in relation to the RPS requirement, the RPS program, and the RPS program’s overall goals to determine the retail seller’s optimal mix of eligible renewable resources.

The assessment should consider, at a minimum, a 20-year time frame with a detailed 10-year planning horizon that takes into account both portfolio supplies and demand. This written description must include the retail seller’s need for RPS resources with specific deliverability characteristics, such as, peaking, dispatchable, baseload, firm, and as-available capacity as well as any additional factors, such as ability and / or willingness to be curtailed, operational flexibility, etc. It must also explain how the quantitative analysis provided in response to section 6.5 supports the assessment.

This written description must also explain how the proposed renewable energy portfolio will align with expected load curves and durations, as wells as how it optimizes cost, value, and risk for the ratepayer. Where applicable, the assessment should also identify and incorporate impacts of overall energy portfolio requirements (not just RPS portfolio requirements), recent legislation, other Commission proceedings (~~e.g. R-13-12-010, the long-term procurement plans proceeding~~), other agencies requirements, and other policies or issues that would impact RPS demand and procurement.

The written description should also explicitly and specifically address, both qualitatively and quantitatively, to the extent possible, how the buyer intends to increase the diversity in its portfolio overall, to address issues of grid integration, potential for overgeneration, and ratepayer value.

Additionally, the assessment should describe and incorporate RPS lessons learned over the past year, including RPS trends and potential future trends. Lastly, it ~~must also explain how the quantitative analysis provided in response to section 6.5 supports~~ should describe how procurement (or sales) planned for

the period covered by the 2016 RPS plans is consistent with the assessment of supplies and demand.

**1. Assessment of annual and multi-year portfolio supplies and demand in relation to RPS requirements, the RPS program, and the RPS program's overall goals.**

On February 12, 2013 GSWC, on behalf of its BVES division, filed Advice Letter 277-E with respect to its RPS agreement for the purchase of renewable energy credits ("RECs"). On July 29, 2013 the California Public Utilities Commission ("Commission" or "CPUC") issued Resolution E-4604 approving BVES' Advice Letter 277-E and BVES' ten-year REC-only contract with Iberdrola Renewables, LLC ("Iberdrola", now called Avangrid Renewables, or "Avangrid"). Commencing in 2013, the contract with Avangrid was intended to fully satisfy BVES' RPS requirements through year 2023 (including past deficits and procurement obligations) in the 33% by 2020 RPS program.

BVES has, and will continue to, endeavor to take full advantage of RECs to meet its RPS obligations. However, as the price and availability of RPS-eligible energy, namely solar photovoltaic energy, continue to fall and as BVES' forecasted retail load evolves, BVES ~~may seek to alter its strategy~~ is also seeking to procure cost-effective bundled RECs to ensure ongoing, long term RPS compliance. Preliminary internal analysis shows that BVES' retail sales may increase beyond what it forecasted at the time it entered its ten -year purchase agreement with ~~Iberdrola for unbundled RECs. As a result, BVES may seek to purchase additional unbundled RECs and/or~~ Avangrid for unbundled RECs. The internal analysis on retail sales, coupled with the 50% by 2030 RPS requirement now in place, will result in BVES seeking to purchase bundled solar energy. ~~A determination on "next steps" will likely come in late 2015 or early 2016. If BVES does move forward with seeking out bundled RPS energy, unbundled RECs, or a combination thereof, doing so would likely affect supply options for compliance~~

~~period 3 (2017-2020) and beyond. BVES will annually update its retail sales forecast to determine its RPS needs beyond the expiration of its current ten-year contract with Iberdrola and any additional short term and/or long term contracts that may be necessary to ensure compliance. In the event there are changes to the RPS program that alter RPS procurement obligations, BVES will reflect any changes in its RPS procurement plan with the CPUC and act on that plan, including issuance of RFPs, to best ensure RPS compliance. The Assigned Commissioner's Ruling requires RPS Procurement Plans to evaluate "both a 33 percent by 2020 requirement and a 40 percent by 2024 requirement."<sup>3</sup> In the event that a 40 percent by 2024 requirement is adopted, BVES will likely need to procure additional unbundled and/or bundled RECs to meet this higher procurement target. However, given BVES' ability to satisfy its entire RPS procurement obligation using exclusively unbundled RECs, BVES does not anticipate that a higher procurement obligation will ultimately impact its ability to comply with the RPS program. through the purchase of a solar generation facility. It will also likely seek to purchase additional unbundled RECs.~~

In August 2015, BVES issued its "Request for Proposal—Renewable Energy Generating Project" ("RFP") to over 170 potential bidders and companies. The RFP sought bids for approximately 3 MW CEC-AC (2 to 4 range) of renewable generation that meets requirements for the California RPS. The RFP noted that BVES would consider an array of financing options, from a long term PPA to options for BVES to own the facility.

BVES received only one response to its RFP, from PVNavigator, LLC ("PVN"). PVN proposed a 3 MW DC / 2.7 MW AC solar generation facility in its bid. PVN describes itself as a firm that specializes in the development of small-scale PV solar projects on closed landfills that can deliver a unique combination of solar power, landfill management, permitting and project

<sup>3</sup>~~-Assigned Commissioner's Ruling, p. 5.~~

financing skills to move the proposed solar developments at the various closed landfill sites from concept to reality within eighteen months.

BVES evaluated PVN's bid in the same manner it evaluates other RFPs for energy or energy assets, using a number of qualitative and quantitative criteria. The categories of evaluation criteria included "Market Evaluation," such as price, pricing structure, location, term and more; "Risk factors" like security risk and environmental, health and safety issues, among others; "Project viability" such as site control and developer experience; "Portfolio fit" like load profile compatibility (to BVES' load profile), proposed commercial online date and construction timeline. Finally, BVES utilized its internal least-cost and best-fit ("LCBF") criteria, or more specifically the impact of the qualitative and quantitative factors on the overall LCBF ranking.

PVN's detailed bid mitigated any concerns about the technical feasibility of placing a fixed-tilt solar array on a capped landfill. In fact, PVN has an option with the County of San Bernardino to lease the land from the county specifically for solar development. PVN's bid included four pricing structures for BVES' consideration: a lump sum buyout upon project completion (including 40% upon beginning of construction); a 25 year PPA; and two hybrid approaches—three and five year PPAs with a buy-out option. Upon further review, BVES desired to analyze several different pricing structures, including a lump sum buyout with no "down payment," a one year PPA with no pre-payment penalty wherein BVES would take over the note used to finance the construction and a one-year PPA with a prepayment penalty.

After evaluations were completed by a five member evaluation team, BVES deemed the bid as highly viable and named PVN the successful bidder and deemed the lump sum purchase with all funds to be paid upon project completion the best overall value for BVES' customers and the local community. By owning the asset outright, BVES will have a tangible, local project



in which the community can take pride. BVES is currently working with outside counsel and PVN to negotiate a memorandum of understanding that would be included in its application for approval with the CPUC. If approved by the CPUC, BVES anticipates the solar generation facility would be online and fully operational by 2020.

Assuming negotiations are successful and BVES is granted CPUC approval for its solar generating facility described above, BVES forecasts that it will meet nearly all of its RPS requirements through 2020 but may need additional RPS energy or unbundled RECs to satisfy RPS requirements in 2021-2023 and beyond 2024 due to the expiration of its contract with Avangrid in 2023. As a result, BVES will likely issue an RFP in the 2018-2019 timeframe to satisfy RPS requirements in 2021 and forward. In the event there are changes to the RPS program that alter RPS procurement obligations, BVES will reflect any changes in its RPS procurement plan with the CPUC and act on that plan, including issuance of additional RFPs if necessary, to best ensure RPS compliance.

**2. BVES' need for resources with specific deliverability characteristics, including peaking, dispatchable, baseload, firm, as-available, and ability or willingness to be curtailed and operational flexibility.**

While the RPS procurement obligation is an energy-based requirement, because BVES can utilize RECs to meet its RPS procurement requirements, the need to secure procurement from resources with specific delivery or operational characteristics is not currently of paramount importance. However, as mentioned above, changing patterns in retail sales (load) may accommodate resources with specific deliverability characteristics, such as delivery during daytime hours, to supplement baseload “brown” power contracts. The production profile of the solar generation project described above will fit well into BVES' daytime load profile.<sup>1</sup> Even if

<sup>1</sup> Assuming a final installed capacity of 2.7 MW AC, the solar generating facility is forecasted to produce approximately 5,000 MWh per year.

BVES does ~~contract with or acquire a solar~~ gain CPUC approval of its solar generation facility, it would likely continue to meet its resource adequacy (“RA”) requirements through traditional generation procurement, though it may also utilize new qualified renewable generation sources to the extent available and cost-effective. BVES will continue to procure and schedule energy deliveries with the California Independent System Operator (“CAISO”), procuring conventional energy and Ancillary Services.

**3. Description of how procurement will meet BVES’ load forecasts and address overall energy portfolio requirements, recent legislation, other Commission proceedings, other agency requirements, and other policies or issues that would impact RPS demand and procurement.**

Under its existing unbundled REC contract and proposed solar generation facility, BVES plans to procure sufficient RPS-eligible RECs to meet its forecasted targets for each multi-year compliance period, ~~with the possible exception of compliance period 3 (see above)~~ through 2023 and beyond. Under the existing RPS program, certain procurement from short term contracts and § 399.16(b)(3) procurement cannot be carried forward from one compliance period to the next. Accordingly, BVES will seek to avoid over-procuring any Category 3 RECs from short term contracts to avoid the risk of stranded procurement, or resell surplus procurement if such transactions can be timely completed.

~~In the event~~ To combat any possibility that BVES’ existing unbundled REC contract is insufficient to meet future RPS targets based on changes in load ~~or based on a higher 40 percent by 2024 RPS procurement obligation, BVES may enter~~ BVES is currently working to procure additional ~~procurement contracts for unbundled or~~ bundled solar RECs. As stated above, because BVES can utilize RECs to meet its entire RPS procurement obligation, procurement of additional unbundled RECs will not impact BVES’ overall energy portfolio or the requirements related to that portfolio. If BVES procures bundled RPS energy other than that included in its

[proposed solar generation facility](#), BVES will seek to ensure that any such procurement addresses its overall energy portfolio requirements.

**4. RPS lessons learned over the past year, including RPS trends and potential future trends.**

As described above, BVES is exempted from meeting the portfolio content category requirements and has used its traditional ~~least-cost best-fit~~ (“LCBF”) process, [described more fully in section I.G below](#), to procure cost-effective RECs to meet its RPS targets. Based on BVES’ ability to meet its RPS procurement obligations economically with a single, or, if necessary, perhaps two or three, contracts BVES does not have any important lessons or trends to report apart from continuing to support the requirements applicable and flexibility provided to BVES to ensure [unbundled and bundled](#) RECs can be procured economically to limit costs to ratepayers.

**B. Project Development Status Update - § 399.13(a)(5)(D) (Section 6.2 of the Assigned Commissioner’s Ruling).**

Section 6.2 of the Assigned Commissioner’s Ruling asks retail sellers to:

Provide a written status update on the development schedule of all eligible renewable energy resources currently under contract [or retail seller-owned](#) but not yet delivering generation. This written status update should differentiate status updates based on whether projects are pre-construction, in construction, or post-construction. The status updates provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5, below. Given this analysis, discuss how the status updates will impact the retail seller’s net short and its procurement decisions for the next two years and on a ~~10~~[ten](#)-year planning horizon.

**1. Update on development schedule for resources not yet online.**

BVES does not have any contracts with renewable energy resources that are not yet capable of delivering generation. BVES has a long-term contract (approved per Resolution E-4604) for firm<sup>42</sup> RECs, which will be generated by existing, online facilities in the Western Electricity Coordinating Council (“WECC”). [BVES is, however, in the process of preparing a](#)

<sup>42</sup> Firm RECs are not unit contingent.

filing for CPUC approval of a BVES-owned solar generation facility that, if approved, would result in the procurement of additional bundled RECs from a facility not yet online. However, again, to date, BVES has not yet contracted to procure any bundled RECs as a result of its RFP for a renewable energy generating facility.

## **2. Impact of schedule on BVES' net short and procurement decisions.**

~~As BVES is not contracting~~Though BVES is planning to enter into a contract to purchase a yet to be developed solar facility stemming from its August 2015 RFP for a renewable energy generating facility, BVES has no existing contracts with any projects under development. Accordingly, the project development schedule will not impact BVES' ability to meet its near-term RPS procurement obligations. BVES' approved contract will allow sufficient resources already online to supply BVES the amount of RECs forecast for RPS compliance. However, as discussed above, changes in load forecasts, and thus retail sales, ~~as well as a potential 40 percent by 2024 procurement target,~~ may require additional procurement in the future to ensure long term RPS compliance; ~~internal discussion are currently underway.~~

### **C. Potential Compliance Delays - § 399.13(a)(5)(B) (Section 6.3 of the Assigned Commissioner's Ruling).**

Section 6.3 of the Assigned Commissioner's Ruling provides:

Describe in writing any potential issues that could delay RPS compliance, including, but not limited to inadequate transmission capacity, ~~delayed substation construction, permitting, financing~~permitting delays, insufficient eligible renewable energy resources supply, unanticipated curtailment, unanticipated increase in retail sales, and the relationship, if any, to project development delays, reduced generation, and compliance delays. Describe the steps taken to account for and minimize these potential compliance delays. The potential compliance delays included in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the potential compliance delays will impact the retail seller's RPS net short and its procurement decisions.

### 1. Description of potential issues that could delay RPS compliance.

BVES' may utilize RECs for 100% of its RPS compliance and currently has an approved ten year REC-only contract that is anticipated to nearly ~~or fully~~ satisfy BVES' RPS requirements through year 2023.<sup>3</sup> Therefore, having obtained CPUC approval for its ten year REC contract BVES' has minimized the risk of failing to meet RPS procurement obligations under the current regulatory regime. BVES strongly believes that its RPS contract is good for its ratepayers because RECs are much less costly than bundled RPS energy and will keep administration costs to a minimum. However, as noted above, BVES intends to pursue a local solar generation facility that will add bundled RECs into its portfolio to ensure that future RPS procurement targets will be satisfied.

One risk BVES ~~faces~~described in prior RPS Procurement Plans that could interfere with compliance is having "all its eggs in one basket" with one counterparty. If the counterparty fails to deliver or perform, then BVES' RPS compliance would be in jeopardy. It is important to note that BVES has attempted to address this risk through contractual language and by the selection of an established entity in the RPS market. Additionally, BVES issued its RFP for a renewable energy generating facility and is now working to procure additional bundled RECs to further reduce this risk. Given its small size and limited resources, and most importantly minimizing ratepayer costs, BVES believes ~~the one-~~that satisfying its procurement obligations with a limited contract approach is an appropriate strategy to achieve RPS compliance. Again, though, as discussed in prior sections, ~~should BVES seek to procure additional unbundled RECs or bundled RPS energy, delay in getting such transactions~~any delay in finalizing BVES' bundled procurement may in turn cause a delay in RPS compliance. ~~This issue could be exacerbated if a-~~

<sup>3</sup> Though SB 350 increased procurement obligations for the post-2020 compliance periods, the CPUC has not yet finalized the RPS requirements for retail sellers. However, given the increased RPS procurement targets, BVES believes that its RFP for a renewable energy generating facility will help ensure that all RPS procurement obligations are satisfied.

~~40 percent by 2024 requirement is adopted, though BVES plans to satisfy any applicable RPS obligations.~~

## **2. Description of steps taken to minimize compliance delays.**

As part of its bid evaluation process under the 2012 RFP for RECs ~~(discussed in Section H-above)~~, BVES considered risk factors that included the ability to hold the price for a certain time period, the credit quality of the counterparty, and an understanding of the CPUC regulatory process for RPS-obligated investor-owned utilities (“IOUs”). BVES determined that the successful bidder and counterparty to its ten -year REC contract offered the least amount of risk with respect to BVES achieving RPS compliance. Resolution E-4604 approved BVES’ long-term REC-only contract, so BVES anticipates that it will not face any compliance delays. Similarly, ~~should BVES negotiate additional RPS contracts, it would~~as part of its bid evaluation process under its RFP for a renewable energy generating facility (discussed in Section I.G below), BVES again ~~consider~~considered risk factors to minimize potential compliance delays. However, given the remaining term on BVES’ ten-year REC contract, BVES does not anticipate a need for additional bundled RECs in the near future, and accordingly does not anticipate any compliance delays.

## **3. Description of the impact of delays on BVES’ net short and procurement decisions.**

Although BVES does not at this time anticipate any delays in meeting its RPS procurement obligations, it must be noted that compliance delays are less likely to impact BVES should it procure additional unbundled RECs. Future efforts to procure bundled RPS energy could affect BVES’ net short, ~~particularly if a 40 percent by 2024 requirement is adopted.~~ However, at this time, BVES does not expect any delays or impacts to its net short or procurement processes in the near-term.

**D. Risk Assessment - § 399.13(a)(5)(F) (Section 6.4 of the Assigned Commissioner’s Ruling).**

Section 6.4 of the Assigned Commissioner’s Ruling asks retail sellers to provide the following:

Provide a written assessment of the risk in the RPS portfolio in relation to RPS compliance requirements. Risk assessment should describe risk factors such as those described above regarding compliance delays, as well as, but not limited to, the following: lower than expected generation, variable generation, resource availability (e.g., biofuel supply, water, etc.), ~~load changes,~~ and impacts to eligible renewable energy resource projects currently under contract. The risk assessment provided in the written description must be reflected in the quantitative analysis provided in response to section 6.5. Given this analysis, discuss how the risk assessment will impact the retail seller’s net short and its procurement decisions. ~~The written assessment must explain how quantitative analysis provided in response to section 6.5 supports this response.~~

**1. Assessment of risk in the RPS portfolio in relation to RPS compliance.**

As discussed ~~in Section IV~~ above, BVES has contracted for a long-term REC-only transaction that has been approved. With statute and CPUC rules permitting BVES to use RECs for 100% of its RPS compliance, there is little risk to BVES’ RPS portfolio in relation to its RPS compliance. Additionally, BVES’ long-term REC-only contract is not dependent on any one resource or project. Instead, any CEC-certified Eligible Renewable Energy Resource (“ERR”) whose output qualifies for the California RPS program can be the source of the RECs used by BVES to achieve RPS compliance. As a result, BVES faces little to no risk that a project under contract will be delayed or terminated. If a project were delayed or terminated, ~~Iberdrola~~ [Avangrid](#) can obtain RECs from other CEC-certified RPS facilities to provide BVES. ~~If a 40 percent by 2024 requirement is implemented, BVES will face higher procurement obligations, but~~



BVES has also sought to procure additional bundled RECs, as evidenced by the issuance of its RFP for a renewable energy generating project. Though additional RECs are not needed at this time to meet RPS procurement obligations in the near future, BVES anticipates through the procurement of unbundled and bundled RECs that it will continue to comply with the RPS program going forward.

**2. Impact of risk on BVES' net short and procurement decisions.**

Contract failure would adversely impact BVES' net short and cause BVES to alter its procurement decisions in the future. Similarly, any regulatory changes that disallowed BVES from meeting its RPS procurement obligations using 100% RECs would adversely impact BVES' net short and require new procurement decisions going forward.

**E. Quantitative Information - §§ 399.13(a)(5)(A), (B), (D) and (F)  
(Section 6.5 of the Assigned Commissioner's Ruling).**

Section 6.5 of the Assigned Commissioner's Ruling provides:

In addition to the written descriptive responses to Sections 6.1 through 6.4, provide quantitative data, methodologies, and calculations relied upon to assess the retail seller's RPS portfolio needs and RPS procurement net short. This quantitative analysis must take into account, where appropriate, the quantitative discussion requirement by Sections 6.1-6.4, above. Any RPS-eligible procurement that has or will occur outside of the RPS program should also be included. As stated above, the portfolio assessment should be for a minimum of 20 years in the future. The responses must be clear regarding the quantitative progress made towards RPS requirements and the specific risks to the electrical corporation's RPS procurement portfolio. Risks may include, but are not limited to, project development, regulatory, and market risks. The quantitative response must be provided in an Excel spreadsheet based on the most recently directed renewable net short methodology.

BVES provides its quantitative response to Section 6.5 of the Assigned Commissioner's Ruling in the attached renewable net short ("RNS") ~~templates~~[template](#), attached hereto as Appendix A-~~and Appendix B. Appendix A includes the RNS template assuming the current 33-~~



~~percent by 2020 requirement. Appendix B includes an RNS template assuming a potential 40-~~  
~~percent by 2024 requirement.~~

**F. “Minimum Margin” of Procurement - § 399.13(a)(4)(D) (Section 6.6 of the Assigned Commissioner’s Ruling).**

Section 6.6 of the Assigned Commissioner’s Ruling asks retail sellers to provide the following:

[A] methodology and inputs regarding the utility’s proposed minimum margin of over-procurement metric. The methodology should be representative of and consistent with the utility’s inputs and assumptions in Section 6.5. Also, the metric should be used to calculate the utility’s procurement needs pursuant to Section 6.5. Additionally, use of any sensitivities or scenarios should be described. If the utility’s assumed minimum margin of over-procurement is not used to calculate a utility’s net short provided in response to Section 6.5, then the utility should clearly describe the reasons and any assumptions or other additional methodologies used to calculate the utility’s proposed over-procurement. Reasons and assumptions should be supported with quantitative information to the extent possible.

Although the Assigned Commissioner’s Ruling provides that BVES’ RPS Procurement Plan should provide the information required in section 6.6,<sup>54</sup> section 6.6 itself provides that only “PG&E, SCE, and SDG&E [are directed] to identify in their proposed ~~2015~~2016 RPS Procurement Plans the assumed minimum margin of procurement above the minimum procurement level.”<sup>65</sup> Based on this direction in the Assigned Commissioner’s Ruling, BVES does not believe that the Commission intended for BVES to address this issue. Nevertheless, BVES provides the following response regarding the “minimum margin” of procurement.

As described above, BVES has entered into a contract with ~~Iberdrola~~Avangrid in order to fully satisfy its RPS procurement obligations. ~~Due~~Additionally, BVES is seeking to procure additional bundled solar RECs. However, due to the limitations on “banking” excess unbundled

<sup>54</sup> Assigned Commissioner’s Ruling, p. 7.

<sup>65</sup> *Id.* at § 6.6, p. ~~13~~12.

RECs, and BVES' goal to minimize costs to its ratepayers, BVES only intends to procure sufficient RECs to meet its RPS requirements and does not plan to over-procure and exceed RPS procurement targets. ~~If~~The banking restrictions are structured so that regardless of whether BVES secures additional bundled RECs through its RFP for renewable energy generation, even if the amount of RECs BVES retires in a given year was above its RPS targets, those RECs would be ineligible for banking forward to a future compliance period and would accordingly result in unnecessary stranded costs for BVES' ratepayers. Accordingly, BVES does not plan to procure RECs in excess of its RPS procurement targets. Instead, as described above, BVES' contract for RECs includes "base" RECs and "option" RECs,as well as any additional bundled RECs BVES procures as a result of its RFP for a renewable energy generating facility, to ensure that BVES has the capability to address fluctuations in retail sales and corresponding RPS targets and procure sufficient RECs to meet its RPS procurement obligations. ~~BVES will continue to follow this strategy under either a 33 percent by 2020 or a 40 percent by 2024 requirement.~~

**G. Bid Solicitation Protocol, Including Least-Cost Best-Fit Methodologies - § 399.13(a)(5)(C) and D.04-07-029 (Section 6.7 of the Assigned Commissioner's Ruling).**

Section 6.7 of the Assigned Commissioner's Ruling provides:

Pursuant to § 399.13(a)(5)(C), 2016 RPS Procurement Plans must include a bid solicitation protocol setting forth the need for eligible renewable energy resources. If selling eligible renewable energy is part of a 2016 RPS Procurement Plan, then a solicitation protocol setting forth the available eligible renewable energy should also be included. Solicitations shall be consistent with portfolio assessment provided in Sections 6.1 through 6.5 and the retail seller's renewable net short position. Additionally, solicitations should be specific regarding what quantity of products are being requested (or offered) and the required deliverability characteristics, online dates, term lengths, and locational preferences.

The bid solicitation protocols should include, an overview of the solicitation process, a solicitation schedule, pro forma agreement(s), and a detailed description of the utility's least-cost best-fit (LCBF) methodology. If the renewable auction mechanism (RAM) procurement process is planned to be used, then a pro forma agreement for that process should be included. Additionally, if any sales, or other types of procurement is planned and needs a specific pro forma agreement (e.g. short-term procurement), then it should also be included. The LCBF methodology should be consistent with D.04-07-029, D.11-04-030, D.12-11-016, and D.14-11-042. Also, it should clearly describe criteria (e.g., energy value, congestion cost, locational preference, term length, ability to be curtailed, operational flexibility, etc.) and how bids will be valued and evaluated based on the LCBF methodology. Any qualitative measures that will be used in LCBF methodology should also be described, both in terms of the criteria and how they will be used in the methodology.

It must be noted that the requirements of Section 6.7 do not all apply to BVES.

Specifically, the LCBF criteria enumerated in D.04-07-029, D.11-04-030, D.12-11-016, and D.14-11-042 were only imposed upon California's three largest IOUs (Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company (collectively, the "Large IOUs")). The Commission has never required that BVES follow specific LCBF. Though BVES does consider similar factors as the Large IOUs, BVES' bid solicitation protocol and LCBF methodology is different from those of the Large IOUs and any requirements for such protocols and methodologies as prescribed to the Large IOUs by the Commission.

When BVES issued its RFP, that process was initiated to ensure that BVES would continue to satisfy its RPS procurement obligations in the future. The RFP evaluation process consists of a number of qualitative and quantitative criteria. The categories of evaluation criteria included "Market Evaluation," such as price, pricing structure, location, term and more; "Risk factors" like security risk and environmental, health and safety issues, among others; "Project

viability” such as site control and developer experience; “Portfolio fit” like load profile compatibility (to BVES’ load profile), proposed commercial online date and construction timeline. BVES considered the impact of these qualitative and quantitative factors on the overall LCBF analysis of PVN’s proposal.

**1. Workforce Development - § 399.13(a)(4)(A)(iv) (Section 6.7.1 of the Assigned Commissioner’s Ruling).**

Section 6.7.1 of the Assigned Commissioner’s Ruling asks retail sellers to provide the following:

SB 2 (IX) added the requirement that the criteria for ranking and selecting of least-cost, best-fit renewable energy resources shall include “the employment growth associated with the construction and operation of eligible renewable energy resources.” Accordingly, the 2016 RPS Procurement Plans shall include a description of a proposed approach for assessing and differentiating the ability of different bids to contribute to employment growth. Pursuant to statute, the approach should address both the construction and operational phases of the project.<sup>6</sup>

BVES takes very seriously the positive impact on employment for Californians resulting from the construction and operation of eligible renewable energy resources. With regard to BVES’ proposed 2.7 MW AC solar generation facility, BVES and the developer, PVN, anticipate that numerous construction jobs will be created during the approximate 18 month permitting and construction time frame. Once operational, BVES anticipates that employees from its own Operations department will be able to maintain the facility during its production life span of 20-30 years. There may be occasional servicing or cleaning that would require outside specialists, and thus, help support job growth in California’s renewables sector. Finally, Golden State Water Company, of which BVES is a division, operates a Supplier Diversity Program and

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<sup>6</sup> Footnote omitted.

is committed to achieving supplier diversity business opportunities to reflect the communities served by the company and to adhere to regulatory compliance with the CPUC.

**2. Disadvantaged Communities - § 399.13(a)(7) (Section 6.7.2 of the Assigned Commissioner's Ruling).**

Section 6.7.2 of the Assigned Commissioner's Ruling asks retail sellers to provide the following:

SB 2 (1X) additionally added the requirement that preference shall be given "to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases." Consequently, the 2016 RPS Procurement Plans shall include a description of their methodology for preferring projects that provide the benefits described in 399.13(a)(7). The description should clearly articulate how a project's benefits to communities are determined or obtained and how that information influences offer selection.<sup>7</sup>

Section 399.13(a)(7) provides that IOUs "shall give preference to renewable energy projects that provide environmental and economic benefits to communities afflicted with poverty or high unemployment, or that suffer from high emission levels of toxic air contaminants, criteria air pollutants, and greenhouse gases." Given the small size of BVES' service territory and its limited customer base, BVES effectively operates as a single community. Accordingly, no preference can be given to various projects located within BVES' service territory.

**H. ~~G.~~ Consideration of Price Adjustment Mechanisms - § 399.13(a)(5)(E) (Section 6.8 of the Assigned Commissioner's Ruling).**

Section 6.8 of the Assigned Commissioner's Ruling asks retail sellers to provide the following:

[D]escribe how price adjustments (e.g., index to key components, index to Consumer Price Index, price adjustments based on exceeding transmission or other cost caps, etc.) will be considered and potentially incorporated into contracts for RPS-eligible projects with online dates occurring more than 24 months after the

<sup>7</sup> Footnote omitted.

contract execution date. Discuss how the price adjustments will maximize value for ratepayers and minimized potential risks to ratepayers.

~~As described above, BVES has entered into a~~ BVES' ten-year REC-only contract is designed to satisfy all of ~~its~~ BVES' RPS procurement obligations through ~~2023 and accordingly does not anticipate a need for additional contracts to meet current RPS targets.~~ 2023. BVES' approved contract includes fixed prices through 2023 and does not contain price adjustment mechanisms. By their very nature, fixed prices translate into a quantifiable low risk to ratepayers. Furthermore, because unbundled RECs are likely to be the least expensive of the portfolio content category products, value for BVES' ratepayers is maximized. Additionally, the contract utilizes facilities that are already existing and online. ~~Accordingly, this issue is inapplicable to BVES as BVES will not utilize price adjustments in its existing RPS contract. If BVES undertakes additional procurement based on load fluctuations and/or a higher 40 percent by 2024 requirement, BVES will address price adjustment mechanisms at that time, if applicable.~~

Additionally, any bundled procurement that results from BVES' solar generation project will likely not utilize price adjustment mechanisms, though contract negotiations with the supplier have not yet begun. Accordingly, it would be premature for BVES to comment on whether price adjustment will be incorporated into the final contract for the solar generation facility, assuming approval from the CPUC.

**L. ~~H.~~ Cost Quantification (Section ~~6.4~~ 6.8 of the Assigned Commissioner's Ruling).**

Section ~~6.9~~ 6.8<sup>8</sup> of the Assigned Commissioner's Ruling asks retail sellers to provide the following:

To support the Commission's reporting to the Legislature pursuant to §§ ~~836~~ 913.3 and ~~910~~ 913.4, PG&E, SCE, SDG&E, Bear Valley,

<sup>8</sup> It must be noted that the Assigned Commissioner's Ruling includes two sections numbered 6.8. This portion of BVES' RPS Procurement Plan addresses the section 6.8 entitled "Cost Quantification".

Liberty Utilities LLC, and PacifiCorp are required to include the information described in Table 1, below, in their proposed ~~2015~~2016 RPS Procurement Plans.

BVES' information regarding cost quantification is included in Table A, below.

**Table A**  
**RPS Procurement Information Related to Cost Quantification**

| Row | Item                                    | Description   |
|-----|---|---|
| 1.  | Actual Direct Expenditures – per year   | <p>2003-2011: [REDACTED]</p> <p>2012: 1) [REDACTED]; Technology: Landfill gas-to-energy;<sup>79</sup> 2) [REDACTED]; Technology: Landfill gas to energy [REC-only]</p> <p>2013: [REDACTED]<sup>810</sup></p> <p>2014: [REDACTED]<sup>911</sup></p> <p>2015: [REDACTED]</p> <p><u>2016: [REDACTED]</u></p> |
| 2.  | Actual REC Procurement (MWh) – per year | <p>2003-2011: 0 MWh</p> <p>2012: 1) 2,231 MWh; Technology: Landfill gas-to-energy;<sup>+012</sup> 2) 10, 827 MWh; Technology: Landfill gas-to-energy [REC-only]</p> <p>2013: 131,790 MWh<sup>+113</sup></p> <p>2014: 32,655</p> <p>2015: 35,837</p> <p><u>2016: 38,865</u></p>                            |
| 3.  | Forecast Direct Expenditures – per year | <p><del>2015:</del> [REDACTED]</p> <p>2016: [REDACTED]</p> <p>2017: [REDACTED]</p> <p>2018: [REDACTED]</p> <p>2019: [REDACTED]</p> <p>2020: [REDACTED]</p> <p>2021: [REDACTED]</p> <p>2022: [REDACTED]</p>  |

<sup>79</sup> Energy delivered in 2011 and RECs transferred to BVES' active WREGIS sub-account in 2012

<sup>810</sup> The dollar amount includes payment for RECs used to satisfy pre-2011 and 2011-2013 RPS obligations.

<sup>911</sup> Due to the timing of payments, BVES paid in 2014 an additional [REDACTED] for RECs retired in 2013 for the 2013 compliance year. However, since the payment was made in 2014 the dollar amount is included in 2014 expenditures. The 2,788 RECs that make up the [REDACTED] expense are included in 2013's REC procurement.

<sup>+012</sup> Ibid.

<sup>+113</sup> The amount of RECs/MWh shown includes RECs procured to satisfy remaining pre-2011 and 2011-2013 RPS obligations.

|    |   |  |
|----|---|--|
|    |   | 2023: <span style="background-color: black; color: black;">[REDACTED]</span><br>2024: \$0<br>2025: \$0<br>2026: \$0<br>2027: \$0<br>2028: \$0<br>2029: \$0<br>2030: \$0  |
| 4. | Forecast REC Procurement (MWh) – per year | <del>2015: 35,837</del><br>2016: 38,865<br>2017: 42,425<br>2018: 45,444<br>2019: 48,455<br>2020: 51,661<br>2021: 51,640<br>2022: 51,594<br>2023: 51,617<br>2024: 0<br>2025: 0<br>2026: 0<br>2027: 0<br>2028: 0<br>2029: 0<br>2030: 0 |

|    |  |  |
|----|--|--|
| 5. | Incremental Rate Impact – per year <sup>1214</sup> | \$/kWh<br>2003-2011: \$0<br>2012: \$0<br>2013: \$.00114<br>2014: \$(.00037)<br>2015: \$( <del>.00006</del> <u>.00003</u> )<br>2016: \$( <del>.00002</del> <u>.00006</u> )<br>2017 <sup>1315</sup> : \$. <del>.00140</del> <u>.00189</u><br>2018: \$. <del>.00014</del> <u>.00012</u><br>2019: \$. <del>.00013</del> <u>.00011</u><br>2020: \$. <del>.00014</del> <u>.00018</u><br>2021: \$. <del>.0083</del> <u>.00105</u><br>2022: \$. <del>.00001</del> <u>.00003</u><br>2023: \$. <del>.00001</del> <u>.00003</u> |
|----|--|--|

<sup>1214</sup> Assumes a continued 33% requirement and a REC price equal to the price BVES will pay in the tenth year of its ten -year contract for years 2024-2030.

<sup>1315</sup> BVES will file to adjust amortization rate in its 2017 GRC; this will include amortization of all REC costs from 2012 through 2016 effective 1/1/2017



|  |  |   |
|--|--|---|
|  |  | 2024 <sup>4416</sup> : \$. <del>00144</del> <u>00058</u><br>2025: \$. <del>00000</del> <u>00020</u><br>2026: \$. <del>00000</del> <u>00019</u><br>2027: \$. <del>00000</del> <u>00020</u><br>2028: \$. <del>00000</del> <u>00020</u><br>2029: \$. <del>00000</del> <u>00019</u><br>2030 <sup>4517</sup> : \$. <del>00000</del> <u>00020</u> |
|--|--|---|

<sup>4416</sup> Years 2017 to 2024 assume that BVES adjusts amortization rate annually.  
<sup>4517</sup> Years 2025 to 2030 assume that BVES exactly meets RPS requirements.

**J. ~~I.~~ Important Changes to Plans Noted (Section ~~6.13~~6.12 of the Assigned Commissioner's Ruling).**

BVES' ~~2015~~2016 RPS Procurement Plan is ~~very~~ similar to its ~~2014~~2015 RPS Procurement Plan. ~~That~~The biggest change is that this ~~2015 plan addresses the potential that increased load and/or a 40 percent by 2024 requirement could require additional procurement to meet higher~~2016 plan includes discussions about BVES' RFP for a renewable energy generating project and the resulting proposed solar facility. Assuming it comes to fruition, additional bundled procurement will further help BVES satisfy all future RPS procurement obligations. ~~Nevertheless, even if load increases and a higher 40 percent by 2024 requirement is adopted,~~ BVES anticipates that its current unbundled REC contract, in combination with new unbundled and/or bundled procurement contracts, will ensure that BVES meets the requirements of the RPS program.

**K. ~~J.~~ Redlined Copy of Plans Required (Section ~~6.14~~6.13 of the Assigned Commissioner's Ruling).**

The Assigned Commissioner's Ruling requires that:

A version of the ~~2015~~2016 RPS Procurement Plan that is "redlined" to identify the changes from the ~~2014~~2015 plan must be included with the ~~2015~~2016 RPS Procurement Plans. The IOUs must provide a redlined copy for the Commission's Energy Division Staff, the ALJ, and any party who requests a copy.

BVES' redlined copy of its RPS Procurement Plan is included in Appendix ~~C~~B. In accordance with the Assigned Commissioner's Ruling, BVES is separately providing a version of its ~~2015~~2016 RPS Procurement Plan that is "redlined" to identify changes from its ~~2014~~2015 RPS Procurement Plan to Energy Division Staff and the ALJ. If any party requests a copy of the redlined version, BVES will provide them with a copy.

**L. ~~K.~~ Safety Considerations (Section ~~6.15~~6.14 of the Assigned Commissioner's Ruling).**

According to Section ~~6.15~~6.14 of the Assigned Commissioner's Ruling, "all entities filing RPS Procurement Plans must incorporate a section on safety considerations." Section 451 of the Public Utilities Codes provides, in part that:

Every public utility shall furnish and maintain such adequate, efficient, just, and reasonable service, instrumentalities, equipment, and facilities, including telephone facilities, as defined in Section 54.1 of the Civil Code, as are necessary to promote the safety, health, comfort, and convenience of its patrons, employees, and the public.

On July 29, 2013, the Commission issued Resolution E-4604 approving BVES' Advice Letter 277-E and BVES' ten year REC-only contract with ~~Iberdrola~~Avangrid. Beginning in 2013, the contract with ~~Iberdrola~~Avangrid fully satisfied BVES' RPS requirements through year 2023 (including past deficits and procurement obligations).

BVES assessed the terms and conditions of its contract with ~~Iberdrola~~Avangrid and concluded that it is consistent with the provisions of Public Utilities Code Section 451. By entering into a REC-only contract to meet its RPS obligations, BVES is contributing to the State's RPS goals. Overall, meeting RPS goals has a positive effect on public health.

Because the contract between ~~Iberdrola~~Avangrid and BVES involves only the purchase of unbundled RECs by BVES (and not physical power), there will be no impact on BVES' delivery of energy to its customers nor its energy portfolio, including the planning and administration of physical power supply contracts. Additionally, the contract does not require a change in facility operations at BVES since the unbundled RECs originate from facilities not interconnected with BVES' utility system. As such, the contract will not interfere with the safe operation of BVES facilities nor will it adversely affect safety and reliability of service. Further, the contract does not alter existing agreements or any facility operations. Because the contract does not require a change in facility operations, there are no incremental safety implications

associated with this agreement beyond the status quo; therefore the contract will not adversely affect the public's health and safety.

~~In the event that~~ Though BVES issued its RFP for a renewable energy generating facility, no bundled procurement has occurred to date as a result of that RFP. Once BVES procures ~~any~~ bundled RECs ~~to address increases in load and/or higher RPS procurement targets (such as a 40-percent by 2024 requirement)~~ as a result of its RFP, BVES will address any potential safety issues that may arise from such procurement at that time.

## **II. ~~III.~~ RPS Procurement Plan – Renewable Net Short**

### **A. RNS Standardized Reporting Template**

As required by the RNS Ruling, BVES provides the standardized reporting template for its RNS attached hereto as Appendix A. ~~Additionally, BVES provides the standardized reporting template for its RNS using a 40-percent by 2024 requirement attached hereto as Appendix B.~~ Many of the inputs and assumptions used in the standardized template are tailored to ~~California's three largest investor-owned utilities ("IOUs")~~ the Large IOUs. For example, the Annual Bundled Retail Sales Forecast relies on the Long-Term Procurement Plan ("LTPP") proceedings and LTPP procurement plans, from which BVES has been exempted.<sup>1618</sup> BVES' exemption from the LTPP proceeding is based upon, among other things, the disproportionate impact participation in the proceeding would have on its customers. Additionally, the "Pre-approved Generic RECs" input uses "pre-approved RPS procurement programs such as: Renewable Auction Mechanism (RAM) solicitations, Renewable Feed-in-Tariff (FIT), SB 1122, and Solar Photovoltaic Programs (SPVP)", all of which do not apply to BVES.<sup>1719</sup> Accordingly, the standardized reporting template does not make sense when applied to BVES. For these reasons, and as instructed by Commission staff, BVES will leave the inapplicable sections of the

<sup>1618</sup> See Resolution E-4232 (exempts BVES from the filing of procurement plans).

<sup>1719</sup> See RNS Ruling, Attachment A - Staff Methodology, App. B.

template blank or populate the template to the best of its ability based on BVES' own internal estimates and forecasts.

**B. BVES Response to Questions on the RNS**

In accordance with the RNS Ruling, BVES provides the following responses to questions posed in Appendix D of the RNS Ruling.

**1. RPS Compliance Risk – How do current and historical performance of online resources in your RPS portfolio impact future projections of RPS deliveries and your subsequent RNS?**

BVES does not anticipate any difficulties securing RECs under its approved long-term REC-only transaction and does not envision any impacts to REC deliveries or its RNS. As BVES is permitted to use unbundled RECs to satisfy 100% of its RPS obligations, there is little risk to BVES' RPS portfolio in relation to its RPS compliance. Additionally, BVES' long-term REC-only contract is not dependent on any one resource or project. Instead, any ERR whose output qualifies for the California RPS program can be the source of the RECs used by BVES to achieve RPS compliance. As a result, BVES faces little to no risk to satisfy RPS obligations through REC deliveries and does not anticipate any impact to its RNS.

**2. RPS Compliance Risk – Do you anticipate any future changes to the current bundled retail sales forecast? If so, describe how the anticipated changes impact the RNS.**

BVES anticipates increases in future bundled retail sales forecasts, as outlined in its RNS calculation attached hereto as Appendix A. However, based upon: (1) BVES' ability to satisfy RPS procurement obligations using unbundled RECs, ~~as well as~~; (2) the flexibility provided to BVES under its approved REC-only contract; and (3) potential additional bundled procurement resulting from BVES' RFP, BVES anticipates that it will continue to satisfy its RPS procurement obligations with no impact to its RNS.

**3. RPS Compliance Risk – Do you expect curtailment of RPS projects to impact your projected RPS deliveries and subsequent RNS?**

As BVES' long-term REC-only contract is not dependent on any one resource or project, curtailment of any one resource should not impact projected RPS deliveries and BVES' subsequent RNS.

**4. RPS Compliance Risk – Are there any significant changes to the success rate of individual RPS projects that impact the RNS?**

BVES does not currently have any contracts with renewable energy resources that are not yet capable of delivering generation, so success rates of individual RPS projects will not impact BVES' RNS. While BVES may procure additional bundled RECs as a result of its RFP for a renewable energy generating facility, that potential procurement is not included in the RNS template and accordingly will not impact BVES' RNS.

**5. RPS Compliance Risk – As projects in development move towards their COD, are there any changes to the expected RPS deliveries? If so, how do these changes impact the RNS?**

BVES does not have any existing contracts with projects in development. While BVES may procure additional bundled RECs as a result of its RFP for a renewable energy generating facility, that potential procurement is not included in the RNS template and accordingly will not impact BVES' RNS.

**6. RECs above the PQR – What is the appropriate amount of RECs above the PQR to maintain? Please provide a quantitative justification and elaborate on the need for maintaining banked RECs above the PQR.**

Due to the limitations on “banking” excess unbundled RECs, and BVES' goal to minimize costs to its ratepayers, BVES will seek to minimize the amount of RECs above its PQR and only intends to procure sufficient RECs to meet its RPS requirements, as described in Section H.I.EF, above.

**7. RECs above the PQR –What are your strategies for short-term management (10 years forward) and long-term management (10-20 years forward) of RECs above the PQR? Please discuss any plans to use RECs above the PQR for future RPS compliance and/or to sell RECs above the PQR.**

See BVES' response to question 6 above.

**8. VMOP – Provide VMOP on both a short-term (10 years forward) and long-term (10-20 years forward) basis. This should include a discussion of all risk factors and a quantitative justification for the amount of VMOP.**

BVES' approved long-term REC-only contract is designed to minimize risk and provide BVES the flexibility to meet its entire RPS procurement obligations. BVES ~~is not~~ contracting currently has no contracts with any facilities that are not already operating and has the ability to procure RECs from various ERRs to meet its procurement obligations. Furthermore, due to the restrictions on carrying forward excess unbundled RECs from one compliance period to another, BVES will minimize over-procuring RECs. Accordingly, BVES will minimize any VMOP.

**9. VMOP – Please address the cost-effectiveness of different methods for meeting any projected VMOP procurement need, including application of forecast RECs above the PQR.**

It is most cost-effective for BVES to meet its entire procurement obligations using unbundled RECs, which minimizes BVES' need to over-procure.

**10. Cost-effectiveness – Are there cost-effective opportunities to use banked RECs above the PQR for future RPS compliance in lieu of additional RPS procurement to meet the RNS?**

This opportunity would only be available to BVES if it enters into a significant quantity of long term bundled procurement transactions. BVES has no plans at this time to procure sufficient bundled products to make banking cost-effective.

**11. Cost-effectiveness – How does your current RNS fit within the regulatory limitations for PCCs? Are there opportunities to optimize your portfolio by procuring RECs across different PCCs?**

BVES is “not subject to the requirements and limitations [on] the use of procurement in each portfolio content category.”<sup>4820</sup> Accordingly, BVES may meet its entire RPS procurement obligations using unbundled REC procurement. BVES’ optimal portfolio to minimize costs to its ratepayers is to satisfy the majority of its ~~entire~~ RPS procurement obligation utilizing unbundled RECs, as allowed under the RPS rules.

///

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<sup>4820</sup> D.11-12-052, p. 63; *see also* D.11-12-052, Ordering Paragraph 16.



**III. ~~IV.~~ Conclusion.**

BVES continues to make all reasonable efforts to meet its RPS procurement requirements. With the ability to use 100% RECs, BVES plans to primarily use RECs to satisfy its RPS procurement obligations. BVES will seek to ensure that there is no stranded procurement under the existing prohibition on carrying forward procurement from short term contracts or § 399.16(b)(3) products. BVES has taken steps to reduce compliance delays and contract risks based on its ability to use RECs to meet its entire RPS obligation. Nevertheless, BVES is seeking to procure additional bundled RECs via its 2015 RFP for a renewable energy generating facility to ensure that all future RPS procurement obligations are satisfied. BVES' procurement strategy is relatively simple and is unlikely to change and it therefore is confident it will continue to achieve RPS compliance, ~~regardless of whether a 33 percent by 2020 or a 40 percent by 2024 requirement is in place.~~

Dated: August ~~4, 2015~~ 8, 2016

Respectfully submitted,

\_\_\_\_\_  
/s/  
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Attorneys for Bear Valley Electric Service

APPENDIX A

BVES RPS PROCUREMENT PLAN

RNS STANDARDIZED REPORTING WORKBOOK ~~—33% BY 2020~~

## APPENDIX B

~~BVES RPS PROCUREMENT PLAN~~

~~RNS STANDARDIZED REPORTING WORKBOOK – 40% BY 2024~~

~~APPENDIX C~~

REDLINED VERSION OF BVES' RPS PROCUREMENT PLAN

## VERIFICATION

I am the attorney for Bear Valley Electric Service (“BVES”), a division of Golden State Water Company, and am authorized to make this verification on its behalf. BVES is absent from the County of Sacramento, California, where I have my office, and I make this verification for that reason. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August ~~4, 2015~~8, 2016 at Sacramento, California.

/s/

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| Format changed | 0     |
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## VERIFICATION

I am the attorney for Bear Valley Electric Service (“BVES”), a division of Golden State Water Company, and am authorized to make this verification on its behalf. BVES is absent from the County of Sacramento, California, where I have my office, and I make this verification for that reason. The statements in the foregoing document are true of my own knowledge, except as to matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on August 8, 2016 at Sacramento, California.

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